

11 ALLOWABLE

BUSINESS DEDUCTIONS

THAT REDUCE TAXES





Business deductions are expenses that a business can subtract from its gross income to reduce the amount of income that is subject to taxation. These deductions can include a wide range of expenses incurred in the normal course of business operations. Common business deductions include:



Operating Expenses: These are expenses directly related to the operation of the business, such as rent, utilities, office supplies, and salaries or wages paid to employees.



Cost of Goods Sold (COGS): If your business sells products, you can deduct the cost of producing or purchasing those products, including materials, labor, and overhead costs.

Depreciation: Businesses can deduct the cost of certain assets over time through depreciation. This includes machinery, equipment, vehicles, and buildings used in the business.



Travel Expenses: Costs associated with business travel, including transportation, lodging, meals, and other incidental expenses, are deductible.



Advertising and Marketing: Expenses related to advertising and marketing efforts, such as printing materials, online advertising, and sponsorships, are typically deductible.



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Professional Services:

Fees paid to accountants, lawyers, consultants, and other professional service providers can be deducted as business expenses.

Insurance Premiums:

Premiums paid for business insurance, such as liability insurance, property insurance, and health insurance for employees, are deductible.

Interest Expenses:

Interest paid on business loans or credit cards used for business purposes can be deducted.

Utilities and Rent:

Costs associated with maintaining your business location, including rent, utilities, and property taxes, are generally deductible.

Repairs & Maintenance:

Maintenance on the assets used for business purposes can be deducted.



Home Office Deduction: If you use part of your home regularly and exclusively for business purposes, you may be able to deduct expenses related to that portion of your home, such as mortgage interest, property taxes, utilities, and maintenance costs.



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