

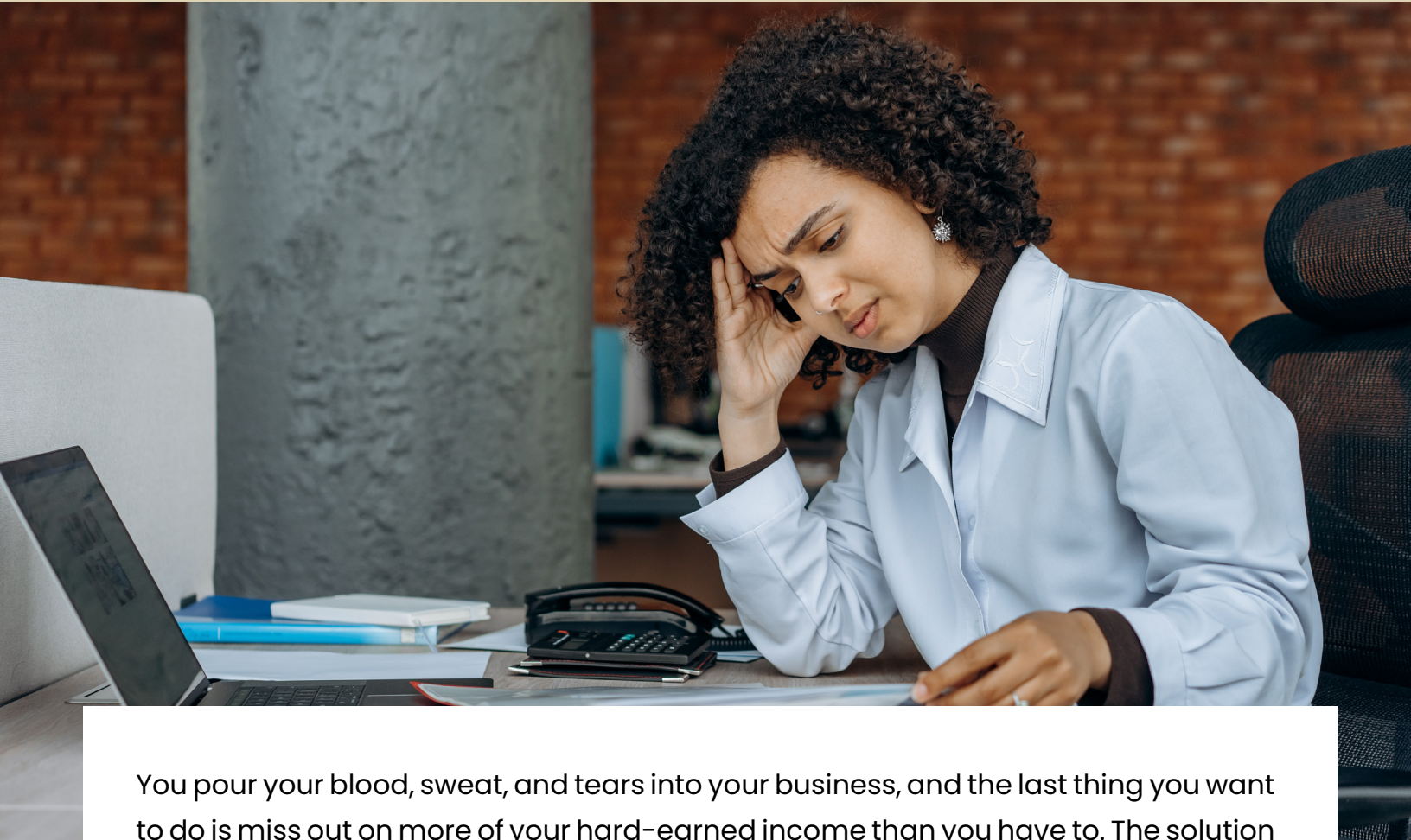


MAXIMIZE YOUR TAX DEDUCTIONS:

Myths, Tricks, and What You Can Start Doing NOW



Tax time can be stressful for small business owners.



You pour your blood, sweat, and tears into your business, and the last thing you want to do is miss out on more of your hard-earned income than you have to. The solution is to change the way you approach your taxes. There are ample opportunities to save while also improving your business and helping your employees.

In this ebook, I've put together some top strategies for reducing your taxable income while helping yourself, your employees, and your overall business at the same time. More than just specific deductions you should be utilizing, this ebook goes into how to change your mindset to reduce your taxable income throughout the year.

What Are Tax Deductions?



Tax deductions are one of the easiest ways to reduce your income tax. Also called tax write-offs, they refer to expenses that you can essentially subtract from your taxable income. However, before you can deduct the expense and pay a smaller tax bill, you have to make sure that it fits the IRS criteria of a tax deduction.

Before we dive into the tax deductions that all small businesses should be taking advantage of, first let's dispel some common myths and misconceptions.

Myth #1: Home Office Deductions Are Red Flags

We live in a digital age where many people can do their job from anywhere as long as they have a computer. Especially in a post COVID-19 world, home offices are far more popular and prevalent than even a few years ago. Ten to twenty years ago, a home office deduction might have been a red flag for the IRS, but not in 2022. If you are working from home, then you should claim your home office as a deduction; don't shy away from it. You just need to be able to substantiate it with accurate record keeping.



Myth #2: You can't deduct business expenses without claiming a home office deduction

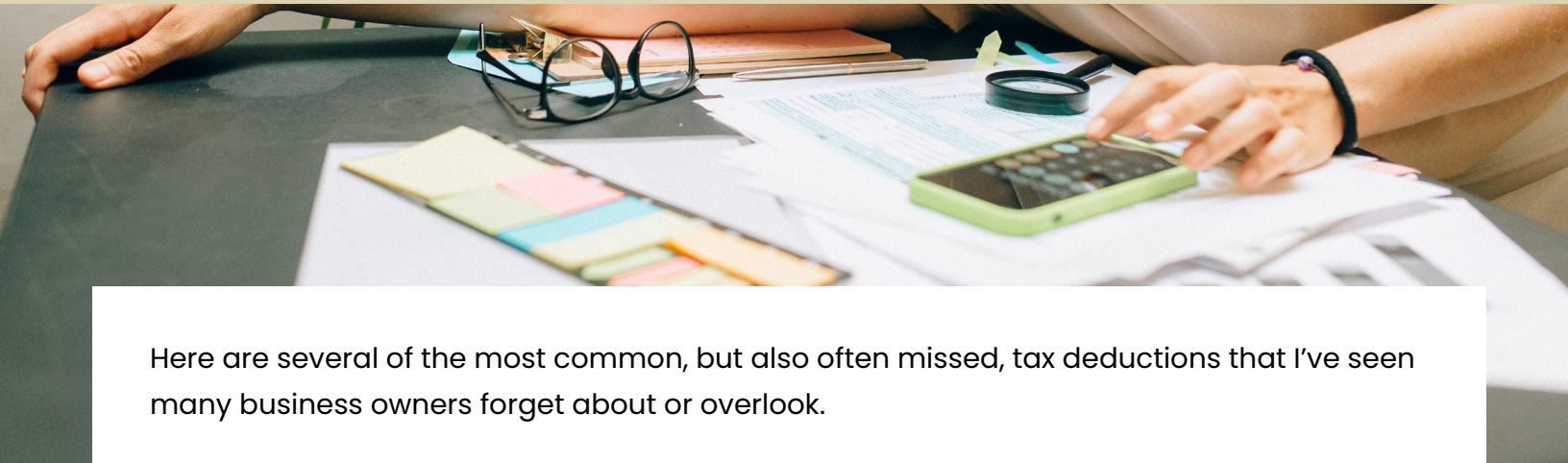
If you work from home but, for whatever reason, you don't want to or can't claim a home office deduction, then you should still deduct the cost of your business supplies, bills, and equipment. Any expense related to your home-based business should be claimed, even if you are not deducting the cost of your home office.

Myth #3: You Should Be Happy about a Large Tax Return

Although a large tax return might seem like a nice surprise, an unusually large one is actually a sign that you're not estimating your taxes correctly or not using deductions the right way. Essentially, when you overpay on your taxes you're giving the government an interest free loan all year while hurting your company's cash flow.

If you estimated your income and deductions correctly, then you would have had that money sooner to invest in your business or to help with the day-to-day expenses of running it. Consistently large returns means that your taxes are not optimized and that you and your accountant should take a closer look.

Top 4 Tax Deductions that Many Business Owners Forget about



Here are several of the most common, but also often missed, tax deductions that I've seen many business owners forget about or overlook.

Petty Cash Expenses

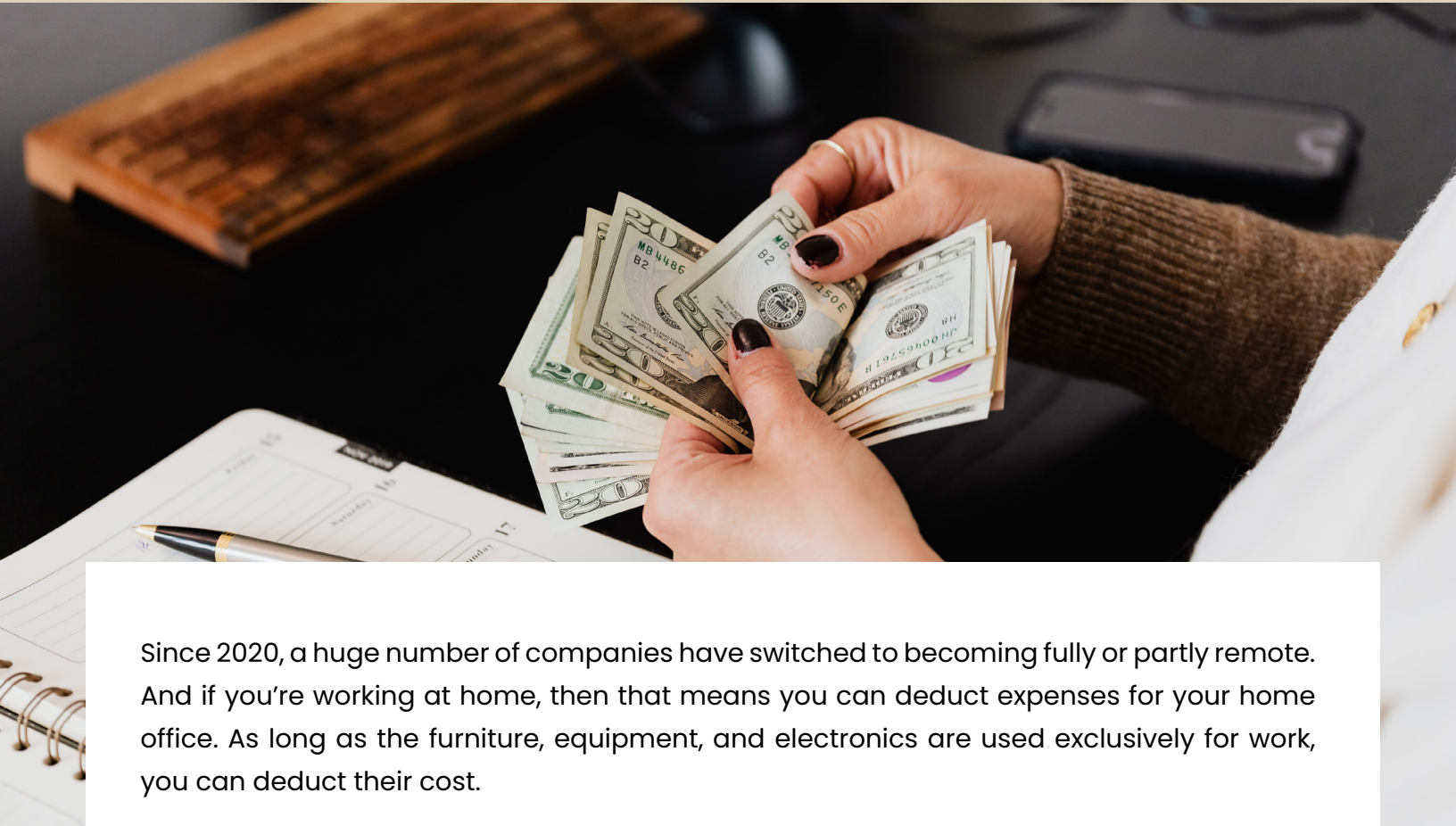
This might not seem like a big one because most of us use credit for almost everything these days. But it's the fact that we don't use cash as much as we used to that it often gets overlooked. But if you're using cash for small purchases, bagels or food deliveries for the office, parking or tolls, or for anything else related to your business, it can add up fast.

At Margo's Bookkeeping Services, we preach using credit over cash, but until you do completely, keep track of petty cash expenses and input them into your accounting system throughout the entire year. Don't wait until the last minute, because you'll miss some.

Software or Online Subscriptions

Chances are that you have a lot of different software programs and tools for your small business. If you use Adobe programs, social media schedulers, a CRM, an email sending platform, project management software—you name it—it can most likely be deducted from your taxes. On a related note, you should review your subscriptions monthly to make sure you are actually using all the different programs you are paying for. All too often we continue paying for things after we've stopped using them.

Home Office Expenses



Since 2020, a huge number of companies have switched to becoming fully or partly remote. And if you're working at home, then that means you can deduct expenses for your home office. As long as the furniture, equipment, and electronics are used exclusively for work, you can deduct their cost.

Plus, you may be eligible to deduct a portion of your rent or mortgage from your taxes, along with a portion of your utility and repair costs.

Expenses for Preparing Documents

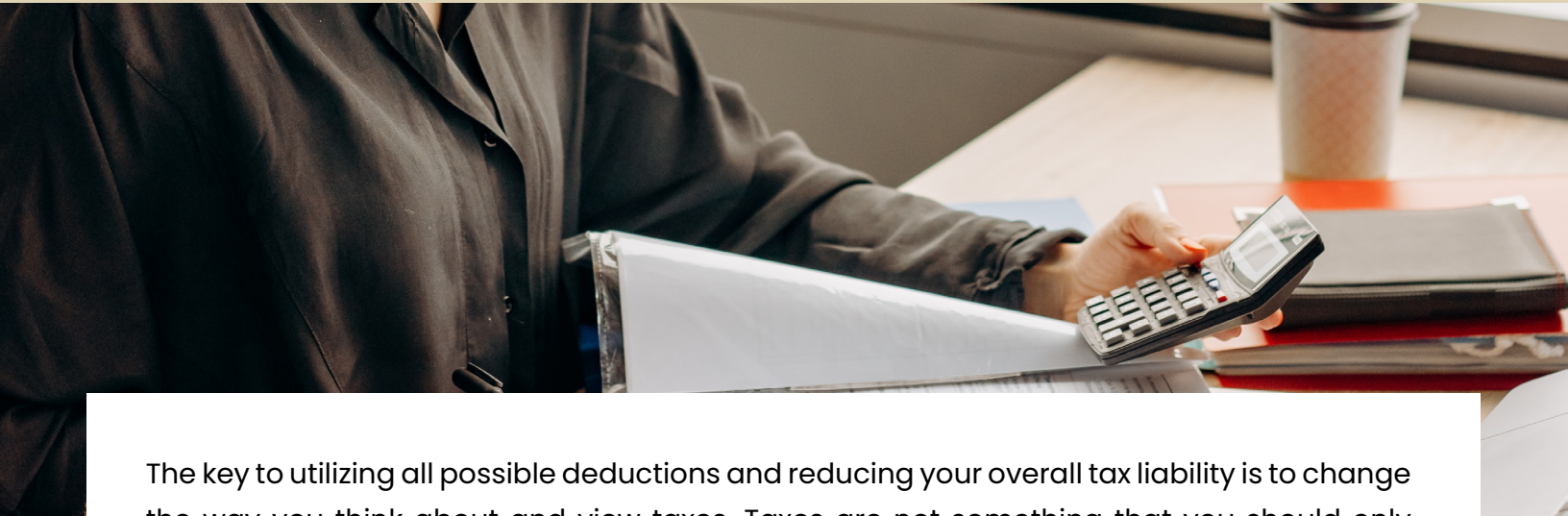
If you have recently started your small business, then you may have incurred costs for document preparation for a loan application or business plan. The cost of the documents, materials, and consultant, accountant, or attorney services required for the loan or plan can be deducted as professional fees.



Additional Deductions You Should Take Advantage of If Possible

- **Inventory related costs** – If you manufacture products or purchase them for resale, you can deduct the cost of your inventory or the cost of the goods that you sell. These costs would include what you paid for raw materials, storage, and direct labor expenses.
- **Business rental property** – Do you rent an office or store for your business? You can deduct the cost of your lease or rental payments from your taxes. You can also deduct utility costs for your place of business, like water, electricity, trash, and internet bills.
- **Business insurance** – If you have certain types of insurance for your business, you may be able to deduct the cost of the premiums from your taxes.
- **Travel expenses** – The costs of traveling for your company is generally 100% deductible, as long as the travel is “ordinary and necessary” for your business. Typical expenses include airplane tickets, parking fees, fuel, and Uber and hotel costs.
- **Office supplies and furniture** – No matter how small, if you use it for your business, you can typically deduct it from your taxes. Supplies usually include paper, boxes, pens, staples, ink, cleaning products, chairs, desks, conference tables, and much more!
- **Advertising and marketing costs** – If you can show they are directly related to your business, then most advertising and marketing costs are tax deductible. This would include money spent on actual ads, on freelance designers, or on direct mail materials.
- **Business entertainment** – Entertaining clients or taking your team out for a business lunch? The cost of those activities and meals can be deducted from your taxes. The only catch is that the deductions are limited to 50% of the amount spent.

It's All about Your Mindset



The key to utilizing all possible deductions and reducing your overall tax liability is to change the way you think about and view taxes. Taxes are not something that you should only worry about in February, March, and April. You and your accountant or bookkeeper need to be taking steps throughout the entire year.

You need a tax plan that is followed for the whole year, not just right before taxes have to be filed. This plan should take into account your deductions, evolving income and revenue, accounts payable and receivable, your business entity structure, and more.

Maximizing Deductions Is a Key Part of Improving Cash Flow

Understanding your deductions is a crucial piece of preparing and filing your small business taxes. The key to truly eliminating stress and anxiety around tax time, and taking full advantage of your available deductions, is to plan ahead throughout the year.

Keep tight records of all your expenses. Build ways to reduce your taxable income through retirement plans, investing in capital, saving for healthcare, and deferring or accelerating expenses or income. Ensure your current business structure makes the most sense.



Here to Help
Your Business!

Changing how you view taxes for your business is not an easy task, but I'm here to help. We can walk through your tax plan together and find ways to invest in your business, invest in your employees, and keep more of your hard-earned money. You can take the first step to make a change today!

See our packages here:

[**CLICK HERE**](#)

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to schedule a time to talk about your business: