



May 4, 2010

Tax Attorney for 33609 on Deductions for Small Businesses (part 3)

In this final part of my series of articles, I touch on a few more deductions that small business owners are eligible to claim.

1. Business travel

When on a business trip, you can deduct a variety of expenses such as airfare, accommodation, telephone calls, laundry, tips, taxi fare, 50% of your business meals etc. You can also deduct the costs of an associate travelling with you. Combining business with pleasure is also permissible as long as business is the primary purpose of the trip but if your family members come along, you are only entitled to deduct your portion of the expenses.

2. Equipment costs

Section 179 states that when you buy some equipment (whether new or second hand), you can opt to deduct the full purchase price in the year you buy them up to \$133,000 provided at least half the time the equipment is used for business purposes. This amount phases out if you have more than \$510,000 worth of equipment in your business this year. Equipment includes machinery, cars, furniture, computers etc.

In addition, you also have the choice of whether to capitalize these assets and depreciate them over several years. There is also a first-year bonus depreciation deduction in effect for 2009. This special deduction allows you to depreciate 50% of the adjusted basis of qualified equipment during the first year the equipment is placed in service. This deduction can be claimed over and above the Section 179 deduction which represents a tremendous tax savings for you.

Equipment that does not come under Section 179 are real estate, equipment bought for resale and property bought from a close relative.

3. Educational expenses

Publication 970 covers this deduction. You may claim deductions for expenses related to sending your employees for courses of study that improve their skills needed for their jobs or that help

them continue in their current jobs. Transportation costs to and from classes may also be deductible.

You may also deduct your own expenses for education. But if the education is for a new field not related to your business, you cannot deduct its expenses.

4. Moving expenses

If you move due to your business, you may be able to claim its cost as a deduction. However there are conditions. Your new business location must be at least 50 miles further from your old house than your old business location was.

5. Certain taxes

Certain taxes your business is levied are deductible. For example the sales tax on items you buy for your business is deductible as part of the cost of the item, not as a separate expense. However, excise and fuel taxes are deductible as separate items. The share of the employment tax you pay as an employer is deductible as a business expense. Real estate taxes for properties used in your business along with assessment charges by local municipalities are deductibles.

These are most of the deductions you can rightfully claim as a small business owner.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.