

BUSINESS EXPENSE INSTRUCTIONS

Business expense deductions are based on **RECEIPTS**, logs, and planners. Your documentation should have the business purposes, date, time, place, and amount. To deduct business meals or entertainment, you should (1) discuss business during the meal or entertainment, or (2) have a substantial and bonafide business discussion or activity before or after the meal or entertainment, or (3) if alone, you should be out of town and overnight on a business trip. You must record the name and business relationship of each person entertained. The IRS may not allow any expenses unless they are documented! **GET RECEIPTS!** This is very **CRITICAL!**

BUSINESS NAME:	DATE BUSINESS STARTED:
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BUSINESS INCOME

Total money received from your retail customers for products or services	\$
Total money received from wholesale buyers including cost of shipping and sales tax	\$
Commissions or bonuses received (Form 1099-MISC, non-employee compensation)	\$
Bonuses, prizes, and awards (value of trips won, use of car, and other valuable things)	\$
Other income (speaking fees, meeting ticket sales, money for coordinating business trips)	\$
Returns and allowances for products and services reimbursed	\$
TOTAL INCOME	\$

BUSINESS EXPENSES

Advertising (business cards, flyers, brochures, TV radio, Yellow Pages, promo materials, etc.)	\$
Bad debts (BUSINESS loans not collectible, bounced checks previously reported as income)	\$
Commission and fees paid out to others for services rendered	\$
Contract services (payments made to independent vendors and sub-contractors)	\$
Employee benefits (health, dental, life, and legal insurance, membership, discounts, etc.)	\$
Insurance (Business: liability, bonding, malpractice, disability, NOT health, life, or vehicle)	\$
Interest (mortgage on building and land)	\$
Interest (car & business loans, finance charges from credit cards used for business purposes)	\$
Legal, tax prep, accounting, IRS representation, business and financial consulting fees	\$
Office expenses (paper, pens, pencils, envelopes, staplers, calculators, folders, toners, etc.)	\$
Rental expenses of vehicles, machinery, and equipment (office equipment, copiers, etc.)	\$
Repairs and maintenance of office areas and business equipment (NOT vehicles)	\$
Supplies (miscellaneous and petty cash expenses not sure where to record)	\$
Taxes, licenses, permits (sales taxes paid, business licenses, construction permits and fees)	\$
Travel airfare (cost of airline tickets and changes)	\$
Travel lodging (cost of lodging, must have receipts to be allowed the deductions says IRS)	\$
Travel rental car (includes the cost of the rental car, insurance, and GAS paid)	\$
Travel others (shuttle, taxi, bus, train, ship, parking, tolls, tips, travel equipment, etc.)	\$
Travel business meals (actual out of pocket expenses or the per diem rate [see below])	\$
Local business meals (cost of business meals when you didn't stay out of town & overnight)	\$
Utilities (electric, gas, and water for business facilities, not for a personal residence)	\$
Wages of salaries (money paid to employees, including your children on staff)	\$
Other business expense () not mentioned on any other page of this TIP	\$

COST OF GOODS SOLD

Beginning of the year inventory which is the same as last year's end of the year inventory	\$
Products purchased for resale purposes less items withdrawn for personal use	\$
Labor cost directly associated with selling of products & services (outside salesman & broker)	\$
Materials and supplies used to sell or make products for sale (bags, boxes, lumber, steel, nails)	\$
Other expenses to sell or manufacture products or services not included above	\$
End of the year inventory (You should do a physical count of inventory available to be sold)	\$

OTHER BUSINESS EXPENSES

Bank charges (monthly service charge, cost of checks, NSF charges, ATM charges)	\$
Business gifts (gifts for prospects, customers, employees, supervisors, suppliers & associates)	\$
Business phone services (long distance, 2 nd line, call waiting & forwarding, conference calls)	\$
Cellular phone & pager (cost of cellular phone & pages, activation fee, & monthly charges)	\$
Dues & membership (annual renewal fee, credit card fee, Sam's Club, associations, AAA)	\$
Freight, shipping & postage (UPS, Fed Ex, Airborne, Express Mail, bus, trucks, train, ship)	\$
Laundry & dry cleaning (cost of cleaning uniforms or clothing on a overnight business trip)	\$
Major conventions (registration fee, transportation, tips lodging, meals & entertainment)	\$
Pubs and subscriptions (books, manuals, magazines, newspaper, CD's, DVD's)	\$
Samples, demos, & displays (cost to sample items, give samples, demonstrate or display)	\$
Seminars, rallies, & meetings (registration fee, transportation, tips, lodging & meals)	\$
Tools (books, tapes, videos, white board, planner, briefcase, etc. used to build your business)	\$
Uniforms (buy & clean uniforms, gowns, tuxedos & business clothes laundered <i>at home</i>)	\$
Voicemail, answering service, toll-free number(s)	\$
Website costs, Internet services, domain name & email service	\$

DEPRECIABLE BUSINESS FURNITURE AND EQUIPMENT

Description of items used for business	Date purchased or transferred	Cost or FMV of the item	Business use %
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

PER DIEM CHART FOR DETERMINING THE DAILY MEAL ALLOWANCE

Date from (Month/Day)	Date to (Month/Day)	# of people	Locations (state, city, county)	Purpose of business trip

BUSINESS USE OF HOME EXPENSE

Square footage of business areas (multiply length times width of each area)		sq ft
Total living square feet of your home (multiply length times width of the house)		sq ft
Mortgage interest	\$	Total rent paid for the year
Real estate taxes	\$	Management or condo fees
Home owners insurance	\$	Cost of home & closing costs
Association dues	\$	Improvements & finance charges
Repairs & maintenance (painting, plumbing, electrical, HVAC, wallpaper)		\$
Repairs & maintenance (carpet, tile, lawn care, landscape, pest control, etc.)		\$
Utilities (electric, gas, water, trash, propane, wood, etc.)		\$

VEHICLE EXPENSES: MILEAGE RATE versus ACTUAL EXPENSES

*You can keep track of your business miles in your planner, on a calendar, or in an official mileage log

*You need the date, location, total miles (or beginning and ending odometer reading), and purpose of the business trip.

*You need the beginning and end of the year of each vehicle that you will use for business purposes.

*Note: Commuting miles from your residence to your work place and back are **not** deductible.

*The bottom line: **KEEP A BUSINESS MILEAGE LOG** or the IRS will disallow you car and truck expenses.

*You need to keep track of all your receipts for vehicle expenses. **GET THE RECEIPTS!!!**

Description	Vehicle #1	Vehicle #2	Vehicle #3
Vehicle year make model			
Date vehicle purchased or placed in service			
Vehicle cost of FMV when placed in service	\$	\$	\$
A: End of the year odometer reading	mi	mi	mi
B: Beginning of the year odometer reading	mi	mi	mi
Total miles for the year (subtract B from A)	mi	mi	mi
Miles to pick up & deliver products	mi	mi	mi
Miles to meetings, rallies, & major seminars	mi	mi	mi
Miles to prospect, recruit, counsel, or train	mi	mi	mi
Miles to job sites, pick up materials, supplies	mi	mi	mi
Miles driven for sales appointments	mi	mi	mi
Other (bank, post office, store, printers, etc)	mi	mi	mi
Other: _____	mi	mi	mi
Other: _____	mi	mi	mi
Round trip distance to work as an employee	mi	mi	mi
Number of days/week you commute	days/week	days/week	days/week
Number of months worked this year	months	months	months
Gas: \$ _____ + oil changes: \$ _____	\$	\$	\$
Tune-ups: \$ _____ + radiator: \$ _____	\$	\$	\$
Waxes: \$ _____ + batteries: \$ _____	\$	\$	\$
Alternator: \$ _____ + washes: \$ _____	\$	\$	\$
Engine work: \$ _____ + a/c: \$ _____	\$	\$	\$
Belts: \$ _____ + transmission: \$ _____	\$	\$	\$
Wipers: \$ _____ + electrical: \$ _____	\$	\$	\$
Transmission: \$ _____ + tires: \$ _____	\$	\$	\$
Alignment: \$ _____ + title: \$ _____	\$	\$	\$
Body work: \$ _____ + brakes: \$ _____	\$	\$	\$
Sound system: \$ _____ + tag: \$ _____	\$	\$	\$
Balance & rotate tires: \$ _____	\$	\$	\$
Other vehicle expense: _____	\$	\$	\$
Vehicle insurance premiums	\$	\$	\$
Interest paid on car loan(s)	\$	\$	\$
Total lease payments made this year	\$	\$	\$

NOTE: You will be allowed to use either the mileage rate or actual vehicle expenses, NOT BOTH!

PARTNERSHIPS, ESTATES, TRUSTS, LLC's and S-CORPORATIONS

Please provide all Schedule K-1 forms and associated instructions