

Legal Deductions Allowable If You Are Engaged In a Trade, Business or Profession

Accounting and auditing expenses paid as follows:	Lighting
Auditing of your books and accounts	Landscaping
Cost of special audit involving business transactions	Burglary losses, not covered by insurance
Cost of books and bookkeeping	Business, cost of operating office
Cost of preparing and filing of any tax returns	Business taxes, except federal income taxes
Cost of investigation of any tax returns	Capital assets, losses from sale or exchanges (see losses)
Accounts receivable-worthless (either through purchase or exchange)	Car and taxi fares
Advances made to employees or salesman where repayment is not expected	Carrying charges or interest
Advances to employees canceled as bonus	Charitable contributions or donations (see contributions)
Advertising expenses, such as:	Casualty damages
Premiums given away for coupons, etc.	Checking account, bank charges
Newspaper, magazine and other advertising	Christmas presents to employees, customers and prospects for advertising or publicity purposes, or goodwill, or if customary in the trade. Limit \$25
Credit given to customers to be used for advertising	Close bank, loss of investment in
Costs of displays, posters, etc to attract customers	Club dues and expenses provided purpose is for business reasons
Publicity, generally speaking-all costs including entertainment, music, hall, printing, etc.	Collection expense including attorney's charges
Christmas presents to customers or prospects. Limit \$25	Commissions on sale of securities by dealers in securities
Alterations of business property, if minor.	commissions paid to salesmen
Amortization	Commissions paid to agents
Attorney's fees and other legal expenses involving law suit brought against you in connection with your business, for carelessness, fraud, etc.	Commissions paid to employees for business purposes
Auto expense for business purposes, such as:	Compromise, costs of, due to settlement of accounts, or through litigation
Damage to auto not covered by insurance	Condemnation expenses, cost of legal expense in contesting condemnation proceedings of business property
Gasoline	Contact expenses, including entertainment expenses to promote, increase or advertise your business or to increase sales. Expense account record required
Oil	Contributions-deduction is unlimited if it can be shown that expenditure is for business purposes and is ordinary and necessary. Illustration
Repairs and replacements	Contributions to institutions, like colleges, schools, hospital. Provided they are connected with your business
Washing and waxing	Contributions to churches, educational and recreational organizations whose facilities are available to your employees.
Garage rent	Contributions to hospitals, clinics, etc. to provide for the welfare and care of your employees
Insurance premiums such as fire, theft, collision, public liability, etc.	Contributions are deductible if made to organizations founded for following purposes: Individuals may have to itemize.
License plate	Religious Charitable
Drivers license fee	Scientific Literary Educational
Depreciation	Prevention of cruelty to children and animals or to U.S., Date, territory or a municipality, if the money is to be used for a public purpose or to an organization of war veterans
If entire use of auto is for business purposes, entire expenses of operating auto are deductible-otherwise apportionment must be made. Auto mileage log is required.	Contributions or taxes paid by employer to State Unemployment Compensation Fund and for Federal Social Security taxes.
Bad debts from sale of merchandise-previously reported as income	Convention expense, cost of attending conventions. Expenses account record required.
Bad debts from services rendered-previously reported as income	Cost of:
Baseball team equipment for business publicity	Obtaining credit reports of customers
Black-out, screen out, dim-out expenses	Obtaining financial data regarding your own business or profession
Board and room to employees-cost of.	Furniture, instruments, equipment and books, currently expended if the useful life is short (one year or less)
Bond losses.	Collecting overdue accounts, including legal fees
Bonuses as additional compensation to employees.	Defending suit brought against you for alleged malpractice.
Books currently expended if useful life is hort.	Make-up, wigs, etc of actors and professional entertainers.
Bookkeeping services, cost of	Redecorating the office
Building, expenses of, used for business, such as:	Custom Duties-part of cost of merchandise
Repairs to building	
Janitor services	
Painting	
Interest on mortgage	
Taxes on property	
Water	
Cleaning	
Rubbish removal	
Depreciation of building	
Heating	

Damages to property, not covered by insurance, due to theft or casualty	depreciated)
Damages from suit against you	
Depletion	
Depreciation	
Discounts allowed to customers	Insurance premiums paid
Dues paid to:	Interest on loans of all kinds for business, such as:
Better Business Bureau	On loans, such as life insurance, bank, personal, etc.
Chamber of Commerce	On notes
Trade Associations	On mortgages
Professional Societies	On bonds
Technical Societies	On tax deficiencies
Protective Service Associations	On FHA mortgage loans
Club-if for business purpose	On installment payments of auto, furniture, etc.
Efficiency engineer, to reduce costs of business operations	On margin accounts with brokers
Embezzlement, loss due to and not covered by insurance	Bank discount on note is deductible as interest
Employees welfare expenses, such as:	Inventory loss due to damages, evaporation, waste, etc.
Dances	Investment counsel fees paid
Entertainment	Joint venture loss, if motive was profit
Outings	Lawsuit expenses
Christmas parties	Legal costs:
Shows or plays	In defense of your business
Endorser's loss	In settlement of cases against your profession or business
Entertainment expenses (may be subject to limitation) such as:	Payment of damages
Employees welfare	License fees
Securing new business	Lighting
Keeping old customers	Living quarters furnished employees for your benefit
Meeting prospects	Lobbying costs, if legal and in connection with your business
Advertising and publicity purposes	Losses, deductible if connected with your business or profession
Expense account record required	Maintenance of business property
Equipment repairs	Maintenance of office, store, warehouse, showroom, etc.
Equipment, minor replacements	Maintenance of rented premises
Exhibits and displays, to publicize your products	Management costs
Expenses of any kind directly chargeable to business income, such as:	Materials
Renting of storage or extra space	meals of employees (may be subject to limitation)
Public stenographer's service	Membership dues (see dues)
Safe deposit boxes to store business property or papers	Merchandise
Upkeep of real estate or rented property	Messenger service
Books to record income and expenses of investment income	Moving, cost of
Experimental and research expenses	Musicians expenses, such as, agent's fees, sheet music, repairs, traveling, etc.
Fan mail expenses	Net Operating loss-may be carried back three years and forward fifteen years
Farmer's costs, provided farm is operated for profit	Newspapers used for business purposes
Fees for passports necessary while traveling on business	Nurse's wages
Fees to accountants	Nurses' expenses, such as drug, medical bag, tools, etc.
Fees to brokers	Obsolescence
Fees to lawyers	Office expenses, including:
Fees to agents	Wages
Fees to technicians	Supplies
Fees to professional men for services rendered	Towel service
Fees to investment counsel	Heating and lighting
Fidelity bond	Telephone and telegraph
Fire loss	Repairs
Forfeited stock	Refurnishing, minor items
Forfeited down payment on purchases	Decorating
Freight charges	Painting
Future account loss	Office rent paid
Gifts to customers-Limit \$25	Office rent, portion of home used for business
Gifts to organized institutions, such as:	Office stationery and supplies, including printing of all kinds
Charitable	Overdrawn salesmen's drawing accounts not collectible
Literary	Overdrawn allowances to employees canceled as a bonus
Educational	Passport fees
Religious	Payments-workmen's compensation funds
Scientific	Pension trust, payments, if properly and legally drawn
Group insurance on employee's lives	Pensions
Guarantor's loss	Periodicals
Heating expense	Plotting of land for sale
Hospitals, contributions to	
Improvements, provided they are minor (otherwise they are	

Postage is an expense (not a tax)
 Premiums given away for advertising purposes. Limit \$25
 Professional society dues
 Professional entertainer's costs of sheet music, agents's fees, repairs to instruments, etc.
 Property damages
 Property maintenance
 Property, repairs to
 Property depreciation
 Protection expenses, such as membership fees in Better Business Bureau
 Publicity expenses
 Real estate expenses of rental or investment property, including:
 Taxes on property
 Insurance
 Janitor service
 Repairing
 Redecorating
 Painting
 Depreciation
 Supplies
 Tools
 Legal expenses involving leases, tenants or property
 Social Security taxes
 Water
 Commissions to secure tenants
 Maintenance-heating, lighting, etc.
 Advertising for tenants
 Rebates on sales
 Refunds on sales
 Receiver's fees
 Rents paid, such as:
 Business property
 Parking facilities
 Safe deposit boxes
 Taxes paid by tenant for landlord
 Warehouse and storage charges
 Rent settlement-cancel lease
 Rent collection expense
 Rental property expense, such as:
 Advertising of vacant premises
 Commissions to secure tenant
 Billboards and signs
 Repairing of business property, such as:
 Alterations, provided they are not capital additions
 Casualty damages, replaced, provided they are not capital additions
 Cleaning
 Minor improvements
 Painting
 Redecorating
 Repairing of furniture, fixtures, equipment, machinery and buildings
 Roof repairs
 Restitution under Fair Labor Standards Act
 Royalties
 Safe deposit box rental
 Safe or storage rental
 Salaries, including bonuses, commissions, pensions, management fees
 Sample room, hotel
 Selling expenses, such as:
 Commissions and bonuses as prizes
 Discounts
 Entertainment of customers and prospects. Expense account record required. Subject to limitation.
 Prizes offered in contests
 Publicity and promotion costs
 Rebates
 Sample room, cost of maintaining
 Self insurers, actual loss, deductible only in year of loss.
 Services, professional or otherwise necessary for conduct of business
 Shipwreck damages not covered by insurance
 Social security taxes paid by employer
 Stationery and all other office supplies used.
 Stock forfeited, loss from
 Storm losses not covered by insurance
 Subscriptions to all trade, business or professional periodicals
 Supplies, office or laboratory
 Taxes, all taxes paid except federal income taxes
 Taxes paid by tenant for landlord is deductible as rent
 Telephone and telegraphs-portion of residence phone used for business or profession is deductible
 Tenants, all payments for taxes, interest, repairs made for landlord is deductible as rent
 Theater tickets, if connected with business or profession. Expense account record required
 Theft losses, if not covered by insurance
 Traveling expenses, includes: meals taxi-fare, rail fare, tips, telephone, telegrams, laundry and cleaning, entertainment for business purposes. Expense account record required
 Unemployment compensation taxes paid by employer
 Uniforms furnished employees
 Unsalable or deteriorated merchandise
 Wages
 Welfare of employees, expenses covering
 Workmen's compensation fund contributions
 Worthless stock
 Worthless bonds
 Worthless real estate

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