

Don't you just love things that make you go hmmm? You know- falling birds, black socks and sandals, tattoos on the back side that have obviously fallen over the years (or gotten bigger), and deductions to take if you are self employed?

Well, I can only explain the business deductions. First, let's talk about my favorite: Putting a sign on your vehicle does not let you deduct the costs of your vehicle. Vehicle expenses are broken down into either ACTUAL- the loan interest, oil, gas, insurance, depreciation, tires, etc. Then there is MILEAGE- just that. You need to keep a log for business miles driven. This includes running to Staples, Sams or where ever you need to go to pick up supplies, meeting with clients, back and forth to the post office if you are doing it for business.

Now that you have your mileage log ready to go and you know how many miles that you have driven all year, and the mileage for business, you divide it out. So if you drove a total of 30,000 miles, and 3,000 business miles- you get to deduct 10% of your ACTUAL expenses. Mileage- you get to deduct your business mileage 100%. The sign that you bought to put on your vehicle? It's advertising.

OK, here is a listing of things that make you go hmmm to think about in order to get the most out of your deductions.

Cell phone- it is ALWAYS limited. If your business is a real business, but you do it around your REAL job and you are on the cell a limited amount- then you should take anywhere from 10-30% of JUST YOUR LINE- not the rest of the family's.

Internet- if you use it for work- to check competition, to order, to do anything that is related to your work- then limited- just like the cell phone.

Telephone- only if you have a separate business line put in. Not the primary home number that you have had.

Meals and Entertainment- don't be greedy. This is not the place to write off everything that you eat. This is when you take clients or vendors or business associates to lunch or dinner. You may only deduct 50% of it. You MUST keep a receipt and write on it who and why.

Any person or service that you spend over \$600 will require a 1099 to be sent out and there are rules to follow with that- either read about it at [www.irs.gov](http://www.irs.gov) or call a tax pro to help you.

If this is your first business return, you should probably go to a pro to help you out, and have them explain things to you. You don't want to start out wrong!

Remember- if you have any questions, email me at [kristhetaxlady@gmail.com](mailto:kristhetaxlady@gmail.com)  
Next week: why you should wait to file for a few weeks...