

A Very Useful Chart to Help You Remember ALL the Things

Common Online Business Owner Expenses That You Can 100% Write Off (And Others You Can't)

- ✓ Your website costs (for example, [hosting & domains](#))
- ✓ Any plugins or themes you buy
- ✓ Subcontractors (like if you hire people for your design, copy, brand photography, or just to help manage your inbox)
- ✓ Apps to run your business (like [Active Campaign](#), [Acuity](#), [SamCart](#), [LeadPages](#)—all of which I use for my business and loooooove)
- ✓ Webinar Software (like [Crowdcast](#), [Zoom](#), [Webinar Jam](#))
- ✓ [Skype](#) credit + phone number—as long as you only use it for business
- ✓ A business address like [Earth Class Mail](#) (my favorite)
- ✓ A monthly co-working space (see info on home office below)
- ✓ Office supplies & expenses (ooo, Kate Spade!)
- ✓ Legal fees (so that name you're trademarking...)
- ✓ Accounting fees (definitely useful here!)
- ✓ Bad debts you can't collect (so if a client goes MIA—handy to know, you can write it off!)
- ✓ The interest on any loans you take for your business
- ✓ The interest on any business credit card you open (this is kind of sounding better and better, isn't it?)
- ✓ Affiliate commissions
- ✓ Plane tickets, train tickets, rental cars, and taxis (that includes Uber!) for business travel (so if you're flying to Austin, Texas, to meet with a client, or going to a conference, HOORAH)
- ✓ Hotels & Airbnbs for business travel (hi, yes, I'll take the farmhouse chic loft, thank you very much—except you'll want an itemized bill because stuff like the mini-bar can't be written off...#BOO)
- ✓ Mileage! So for every mile you drive while traveling on business (and only on business), you can deduct something like 57.5 cents (this changes all the time). It's to help offset what you spend in gas and *even wear and tear on the car, even if it's a rental. Cool, huh?*
- ✓ Cost of goods sold (so if you're creating a digital product)
- ✓ Facebook Ads and other advertising

- ✓ Bank & merchant fees (like everytime PayPal deducts 2.9%, *ahem*)
- ✓ Business related websites, magazines, subscriptions, classes, workshops, seminars, books, and anything designed to improve your skills in your field (hooray!)
- ✓ Business conferences
- ✓ Business insurance
- ✓ Interest charged to your business
- ✓ Equipment rentals (so, say, you need to rent some cool photography or videography gear)
- ✓ Prizes for contests (WHO WANTS A NEW CAR????)

Note: If you're going on a business trip you'll probably be all like, "SWEET, I'LL TAKE THE SIG OTHER!" So the hotel you guys stay in will likely count as a deductible, since you'd need a hotel room, anyway, but their plane ticket and meals? No-go, bro.

AND HERE'S A LITTLE LIST OF THE THINGS YOU STRAIGHT UP CAN'T DEDUCT:

- ✗ Anything personal AKA your car payment :) (Unless, of course, you ARE using it for client meetings, in which case, you may be able to deduct a portion)
- ✗ The new Shakira CD
- ✗ Business clothes / outfits / suits / lingerie—wink (I really hate this one)
- ✗ New shrubs for the front of your house because you happen to work from home
- ✗ Any fines or penalties levied against your business (bad business owner!)

AND HERE'S A LITTLE LIST OF SOME OF THE ONES YOU SORT OF CAN, BUT ONLY A PART:

- Client dinners—you can only deduct 50% of the bill as meals & entertainment, because the IRS is smart and knows you're having ninety martinis, so easy before you go crazy
- Your Internet—the IRS is super weird about mixing business and pleasure, and they know that you also use your internet for pleasure. However, they ALSO know that you use it for business, so you can only write off a portion of what you estimate you use every day while working. (I know, you just eye-rolled.)
- Your personal cell phone—for the same reason
- Your personal computer—unless you have a special one for business (no auditor would believe that if you only have one computer, you use it exclusively for business and never personal)
- Client gifts (You can only deduct the first \$25 in gifts to any individual customer—weird, right? There goes Christmas!)
- Retirement savings

- Your home office. This is a weird one that a lot of people shy away from because the IRS is a tricky bunch, when it comes to this deduction. The rule is that you have to use it *exclusively* for business, and you have to use it continually for your business. So no working from the living room and then just writing a happy portion of your rent off. (I mean, you could, but the moment you get audited, you'd be in very big trouble, which is why it's recommended that you even take pictures of your home office to prove it.) The way you did it before was through a cluster fuck of annoying calculations that involved calculating the square footage of your home and then calculating the square footage of your office and then figuring out what percent square footage your office was of the whole house, and then deducting only that amount of your indirect household expenses. (Like your utilities and mortgage. Direct expenses, on the other hand, would be the desk you bought specifically for your office, and good freaking news, THAT IS DEDUCTIBLE.) Fortunately, there is now a more simple way that the IRS came up with to do this, which is ACTUALLY called "[The Simplified Option for Home Office Deduction](#)" (those clever bastards) and when you use that method, you (simply—hehe) deduct \$5 for every square foot of home office space, up to 300 square feet, for a maximum deduction of \$1,500.

The litmus test is that it must be ordinary and necessary—which I think is misleading language. "Ordinary," as defined by the IRS, means that it's one that's common & accepted in your industry. (Perhaps they should have called it, "Common," because NOTHING ABOUT US IS ORDINARY, ALRIGHT?!) A "necessary" expense is one defined as helpful and appropriate for your trade or business. So in sum, your expenses need to be:

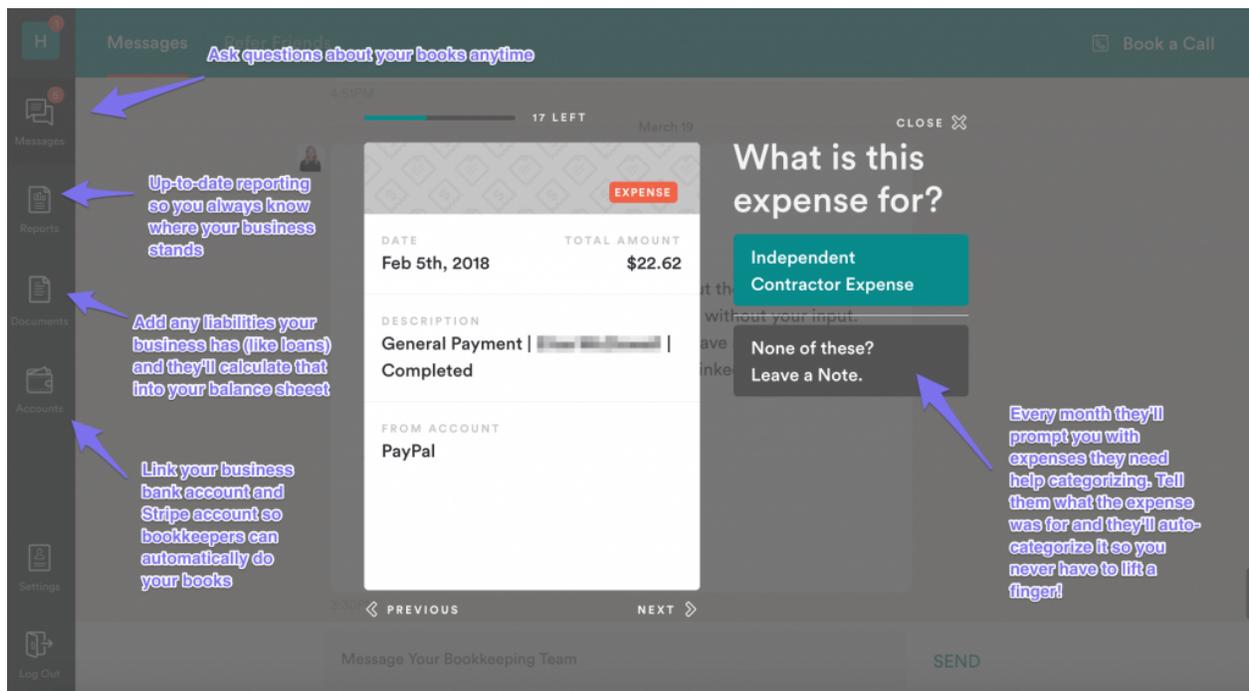
- ✓ Common
- ✓ Accepted
- ✓ Helpful
- ✓ Appropriate

Sooooooo, no strip clubs. That said, if you want to look at a really disgusting and overwhelming publication by the IRS to dive into the riveting details on what's kosher and what's not, you can find that [here](#). Or, an easier option is to do what I do: pay for anything I think might be a business expense with my business card, and then let my accountants check it every month. Direct expenses, on the other hand, would be the desk you bought specifically for your office, and good freaking news, THAT IS DEDUCTIBLE. ;) (Alternatively, if you're a sole proprietor using your personal account, you'd just use a software like [Mint](#), mentioned before, and categorize anything like that under the business—because you can easily double check later and then recategorize that with the click of a button before submitting your taxes).

#PRO TIP: SIGN UP WITH BENCH

Muthatrucking. **Bench**. Bookkeeping. You connect your bank account and get assigned a real human bookkeeping team who is constantly reconciling and sending you adorable messages inside the app, and also setting up calls to go over your numbers, and they auto-categorize all of your expenses so you can finally see what the hell is happening inside your business real-time.

And if they don't know what to do with an expense, this is how it shows up inside the app. How amazing is this? Seriously, how amazing?!?! 



Bottom line (haha, bookkeeping puns!): I arm-wrestled them into giving me a **special link** that will give you 20% off your first 6 months of bookkeeping. YAS, QUEENNNN. (Are we still saying that?)

WANT MORE?

*Check out my other courses to help you keep kicking ass and taking names like the Unf*ckwithable bulletproof business babe you are.*

THEMIDDLEFINGERPROJECT.ORG