

# Small Business Tax Deductions

This playbook provides a step-by-step guide to help small business owners identify and claim the various tax deductions available to them, in order to minimize their tax liability.

## Step 1: **Gather Documents**

Collect all financial records including receipts, invoices, mileage logs, bank statements, and previous tax returns.

## Step 2: **Identify Deductions**

Review the IRS guidelines to identify the tax deductions specific to small business owners, such as office expenses, travel costs, and employee salaries.

## Step 3: **Categorize Expenses**

Organize expenses into categories that align with IRS tax deduction classifications.

## Step 4: **Calculate Deductions**

Determine the deductible amount for each category using the appropriate method as directed by IRS rules, which may require calculating a percentage of use for items like home office space or vehicles.

## **Step 5: Fill Out Forms**

Complete the tax forms required for small business owners, such as Schedule C for sole proprietors, ensuring to include all relevant deductions.

## **Step 6: Consult Experts**

Seek advice from a tax professional or accountant to verify the deductions and ensure they are maximized and properly documented.

## **Step 7: File Tax Return**

File the tax return with the IRS by the appropriate deadline, either electronically or by mail, along with payment for any taxes owed after deductions.

# **General Notes**

## **Record Keeping**

Maintain accurate records throughout the year to streamline the deduction process and have the necessary documentation ready for tax season or in case of an audit.

## **Legal Compliance**

Ensure that all deductions claimed are legal and in compliance with IRS rules to avoid penalties or audits.

## **Deadlines**

Be aware of and comply with all IRS deadlines for submitting tax documents to avoid late fees and penalties.

