

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.

