

ALAJIAN GROUP INC.

### Welcome!

I'm Armine Alajian, CPA, the owner of Alajian Group Inc., and I'm here to help you stress less this tax season!



I've put this guide together for the business owners out there who want to take all the tax deductions they're qualified for (and don't want to risk penalties or audits by taking deductions they shouldn't!).

This guide is not intended as tax advice, you should always consult with a tax professional to determine which expenses are deductible for your specific business.

# What is a tax write-off?

A tax write-off is a qualifying ordinary and necessary business expense that you can deduct from your business's taxable income.

COMMON MISCONCEPTION: You don't need an LLC to write off your business expenses. You can write off qualified business expenses if you are self-employed, are a sole proprietor, or own an LLC, a partnership, or a corporation.



### Per IRS Definitions

Ordinary

An ordinary expense per the IRS is...

An ordinary expense is one that is common and accepted in your industry. For example, an ordinary expense for a hair salon is shampoo.

#### Necessary

A necessary expense per the IRS is...

A necessary expense is one that is helpful and appropriate for your trade or business. An expense does not have to be indispensable to be considered necessary.



But there's more...

# The Burden of Proof

#### Evidence

The IRS requires you to prove that your deduction is qualified. For some write-offs, the below documents will be sufficient:

- Receipts
- Cancelled Bills
- Checks

Other types of write-offs (like travel, meals, auto and home office expenses) will require additional documentation like:

- Mileage Logs
- Meeting Minutes/Attendance
- Business Purpose
- Business Use vs. Personal Use

#### Advertising & Marketing

- Social Media Manager
- Web Design
- Logo Creation

- Signage
- Print Marketing
- Paid Advertising

#### Business Travel\*

- Airline Fares
- Lodging Costs
- Rental Cars

- Train or Bus Fares
- \*Special qualifications apply to travel deductions

#### Banking Fees

- Service Charges
- Payment Processing
  Fees
- ACH/Transfer
  Fees
- Annual Fees

#### Contractors

#### Cost of Goods Sold

- Inventory
- Direct Labor Costs
- Manufacturing

Costs

#### Depreciation & Amortization

#### Education\*

- Conferences
- Industry Publications
- Webinars

- CE Courses
- \*Must be related to your business's industry

#### **Business Licenses**

#### Office Expenses

- Rent Expense
- Office Supplies
- Internet Expense
- Utilities
- Cleaning Services
- Technology

#### Payroll Expenses

- Wages
- Employee Benefits
- Bonuses

- Payroll Taxes
- Retirement

Contributions

Qualifying Business Loan Interest

Qualifying Meals

**Qualifying Taxes Paid** 

Vehicle(s)\*

- Mileage
- Gas/Fuel
- Depreciation

Maintenance & Repairs

\*Portion of business use

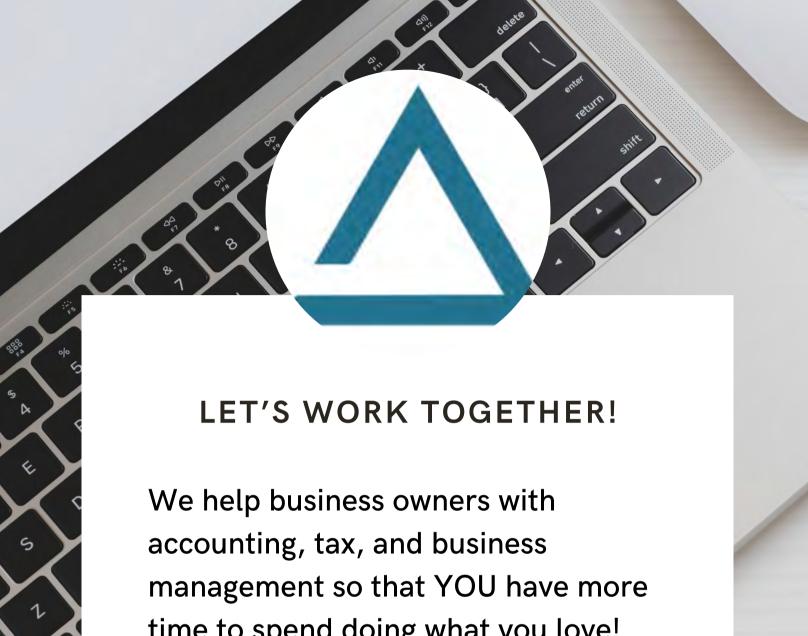
Please note, this is not an exhaustive list of business deductions. Determine which write-offs your business is qualified to take by working with a tax accountant.

# What isn't tax deductible?

For your business, generally, personal expenses are not deductible unless there is a portion of business use related to the personal expense (like a vehicle you use for your business and personal use). Then, you can only deduct the business-related portion of the total expense.

Other non-deductible expenses include:

- Fines & Penalties
- Political Contributions
- Federal Taxes



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