

List of Common Business Deductions

To help you decide whether a particular expense is likely to be deductible, we've provided a list of the most common business deductions.

List of common deductible expenses:

- Auto expenses
- Advertising and promotion
- Audio and videotapes related to business skills
- Bad debts from sales or services (for those using accrual accounting)
- Bank fees on business accounts
- Car and truck expenses
- Coffee and beverage service
- Commissions and fees
- Cost of goods sold
- Credit bureau fees
- Depreciation
- Dues for trade associations and other not-for-profit, business-related organizations
- Expenses of going into business
- Education expenses - You can deduct education expenses if they are related to your current business
- Employee benefits
- Gifts to customers, suppliers, etc.
- Insurance (casualty and liability)
- Interest
- Legal and professional services
- Meals and entertainment
- Office supplies and expenses
- Parking and meters
- Pension and profit-sharing plans
- Postage • Publications
- Rent or lease expense
- Repairs and maintenance
- Services performed by independent contractors
- Supplies and materials (not included in cost of goods sold)
- Travel expenses
- Utilities
- Wages of employees

List of Nondeductible Expenses

- Bar or professional examination fees
- Capital expenditures (not fully deductible in the year placed in service, but yearly deductions are allowed to recover the cost of the item over a specified time period)
- Clothing, unless it's protective equipment, or a uniform that would not be worn during non working hours
- Country club, social club, or athletic club dues
- Commuting expenses
- Estate tax, even if largely due to the ownership of a business interest
- Expenses, including interest, paid to generate tax-exempt income
- Federal income tax
- Fines and penalties incurred for violations of law
- Gift tax; inheritance tax
- Gifts to employees that are valued at more than \$25
- Interest on indebtedness incurred by a business taxpayer to purchase life insurance coverage in excess of \$50,000 on the life of any its officers, employees, or other person having a financial interest in the taxpayer's trade or business
- Job hunting expenses (for a new trade or business)
- Life insurance premiums, if the business, or the business owner, is a direct or indirect beneficiary
- Lobbying expenses (appearances before legislative bodies and expenses to influence voters)
- Partnership organizational expenses, unless amortization election made
- Personal, living, or family expenses
- Political contributions, including tickets to political dinners
- Tax penalty payments