

Legal Deductions Allowable If You Are Engaged In Trade, Business, or Profession

AAA Penalties – paid by company in result of exceeding farm marketing quotas

Abandonment of property for business purpose

Accounting and auditing expenses paid as follows:

- Auditing of your works and accounts
- Cost of special audit involving business transactions
- Cost of books and bookkeeping
- Cost of preparing and filing any tax returns
- Cost of investigation of any tax returns

Accounts Receivables – Worthless either through purchase or exchange

Advances to employees or salesmen where repayment is not expected

Advances to employees cancelled as bonuses

Advertising expenses such as:

- Premiums given away for coupons, etc
- Newspaper, magazine and other advertising
- Credit given customers to be used for advertising
- Prizes and other expenses in contests or exhibits
- Contributions to various organizations for advertising
- Costs of displays, posters, etc
- Publicity, generally speaking, all costs including Entertainment, music, hall, printing, etc
- Christmas presents to customers or prospects with a \$25 limit per person

Alterations of business property if minor

Amortization of goodwill and related intangibles over 15 years

Attorneys' fees and other legal expenses involving law suit brought against you in connection with your business for carelessness, fraud, etc

Auto Expenses for business purposes such as:

- Damage to auto not covered by insurance
- Gasoline
- Oil
- Repairs and Replacements
- Washing and Waxing
- Garage Rent
- Insurance premiums such as fire, theft, collision, etc
- License Plate
- Driver's License Fees
- Depreciation
- Wages of chauffeur
- Uniform of Chauffeur
- If entire use of auto is for business purposes, entire Expense of operation auto are deductible, Otherwise apportionment must be mad and Milage log is required.

Bad debts from sale of merchandise previously reported as income

Bad debts from services rendered previously reported as income

Baseball team equipment used for publicity

Board and room to employees , cost of

Bond losses

Bonuses as additional compensation to employees

Books currently expended if the useful life is short

Building, expenses of, used for business such as:

- Repairs to building
- Janitorial Service
- Painting
- Interest on Mortgage
- Taxes on Property
- Water
- Cleaning
- Rubbish removal
- Depreciation of Building
- Heating
- Lighting
- Landscaping

Burglary losses, not covered by insurance

Business cost of operating office

Business taxes, except federal income tax

Capital Assets, losses from sale or exchanges

Car and Taxi Fares

Carrying charges or interest

Charitable Contributions and employee contributions

Casualty damage such as:

- Fire, Drought
- Shipwreck, Hurricane
- Storm, Rain, Ice, Wind, Heat
- Freezing of property
- Impairment or collapse of property

Checking account, Bank Service Fees

Closed Bank Account, Loss of Deposits

Commissions paid to:

- Salesmen
- Agents
- Employees for business purposes

Commissions on sale of securities by dealers in securities

Compromise, cost of, due to settlement of accounts through litigation

Condemnation expense, cost of legal expense in contesting condemnation proceedings of business property

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Contact expenses including entertainment expenses to promote increase or advertise your business to increase sales

Contributions – deduction is unlimited if it can be shown that expenditure is for business purpose and is ordinary

Contributions to institutions like colleges, schools, hospitals, provided they are connected with your business

Contributions to churches, educational and recreational organizations whose facilities are available to your employees

Contributions to hospitals, clinics, etc. to provide for the welfare and care of your employees

Contributions are deductible if made to organizations founded for the following purposes: (Individuals may have to itemize, Corporations limited to 10% of taxable income)

- Religious
- Charitable
- Scientific
- Literary
- Educational
- Prevention of cruelty to children and animals
- United States, State Territory or municipality
- Organization of War Veterans

Contributions or taxes paid by employer to State Unemployment Compensation Fund or Feral Social Security Taxes

Convention expenses, cost of attending conventions

Cost of:

- Obtaining Credit reports of customers
- Obtaining financial data regarding your own business
- Furniture, instruments, equipment, if useful life is short
- Collecting overdue accounts including legal fees
- Defending suit brought against you for alleged malpractice
- Make-up, wigs, etc. of actors and entertainers
- Redecorating the office

Custom Duties – part of merchandise

Damages to property not covered by insurance or due to theft or casualty

Damages from suit against you

Depiction

Depreciation

Discounts allowed to customers

Donation to USO, Navy Relief Society, Army Relief Society, etc

Dues Paid to:

- Better Business Bureau
- Chamber of Commerce
- Trade Associations
- Professional Societies

Dues Paid to:

- Technical Societies
- Protective Service Associations

Efficiency engineers, to reduce cost of business operations

Embezzlement, loss due to and not covered by insurance

Employee welfare expenses such as:

- Dances
- Entertainment
- Outings
- Christmas Parties
- Shows or Plays

Endorser's loss

Entertainment expenses (subject to limitation)

- Employees Welfare
- Securing new business
- Keeping old customers
- Meeting Prospects
- Advertising and publicity purposes

Equipment Repairs

Equipment, minor replacements

Exhibits and displays used to publicize your products

Expenses of any kind directly chargeable to business income such as:

- Renting of storage or extra space
- Public stenographers' service
- Safe deposit boxes to store business property or papers
- Upkeep of real estate or rented property
- Books to record income and expense of investment

Experimental and research expenses

Fan mail expenses

Farmers' cost provided that farm is operated for profit

Fees for passports necessary while traveling on business

Fees to:

- Accountants
- Brokers
- Lawyers
- Agents
- Technicians
- Professionals for services rendered
- Investment counsels

Fidelity Bond

Fire loss

Forfeited stock

Forfeited down payment on purchases

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Freight Charges	Losses deductible if connected to business such as:
Futures Account loss	Abandoned property
Group Insurance	Accounts receivable
Improvements, provided they are minor	Auto damages
Insurance Premiums	Bad Debts
Interest on loans for business purpose such as:	Bank Closed, deposits in
Life insurance	Blizzards or Ice Storms
Bank loans	Bonds
Personal loans	Building damages
Notes	Burglary
Mortgages	Business Ventures, operations or associations
Bonds	Capital assets, exchange or sale of
Tax deficiencies	Casualties, fire, theft, heat, storm, etc
FHA Mortgage loans	Damages to property or assets
Installment payments of auto, furniture, etc	Deposit forfeiture on purchase of property
Margin accounts with brokers	Drought
Bank discount on note is deductible as interest	Embezzlements
Inventory loss due to damages, evaporation, waste, etc	Endorser payments as
Investment counsel fees	Equipment abandoned
Joint venture loss if motive was profit	Exchange or sale of property
Lawsuit expenses	Flood
Legal costs:	Forced sale or exchange
In defense of your business	Foreclosures
In settlement of cases against your business	Forfeitures
Payments of damage	Freezing
License Fee	Goodwill if abandoned or sold
Living quarters furnished employees for your benefit	Hurricane, deductible only in year of loss
Losses (see next column)	Ice storms or Blizzards
Maintenance of business property	Joint Ventures for Profit
Maintenance of office, store, warehouse, showroom, etc	Loans not collectible
Maintenance of rented premises	Machinery Abandoned
Management costs	Mortgaged property sale of
Materials	Partnership business operations
Meals (subject to limitations)	Securities – exchanged, sold, or worthless
Membership dues (see dues)	Seizures by federal or state authority
Merchandise	Short sales
Messenger Services	Storm damages not compensated by insurance
Moving costs	Theft
	Transactions
	Useful value of asset lost
	Wash sales if deducted by a dealer in securities
	Worthless real estate
	Musician's expense – agent fees, sheet music, repairs, traveling, etc
	Net operating loss maybe carried back three years and forward fifteen
	Newspapers used for business purposes
	Nurse's wages
	Nurse's expenses such as drugs, medical bag, tools, etc.
	Obsolescence
	Office Rent paid
	Office Rent as portion of home used for business
	Office stationary, supplies, including printing of all kinds

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Office Expenses including:

- Wages
- Supplies
- Towel Services
- Heating and Lighting
- Telephone
- Repairs
- Refurnishing minor items
- Decorating
- Painting

Overdrawn salesmen's drawing accounts not collectible

Overdrawn allowances to employees cancelled as bonus

Passport fees

Payments – worker's compensation funds

Pension trust payments if properly and legally drawn

Pensions

Periodicals

Plotting of land for sale

Postage is an expense not a tax

Premiums given away for advertising purposes \$25 limit

Professional society dues

Property Depreciation

Protection Expenses such as membership fees in Better Business Bureau

Publicity expenses

Real Estate expenses of rental or investment property including:

- Taxes on property
- Insurance
- Janitorial service
- Repairing
- Redecorating
- Painting
- Depreciation
- Supplies
- Tools
- Legal expenses involving leases, rents, tenants
- Social Security Taxes
- Water
- Commissions to secure tenants

Real Estate Expenses continued:

- Maintenance – heating, lights, etc
- Advertising

Rebates on sales

Refunds on sales

Receiver's fees

Rents paid such as:

- Business property
- Parking facilities
- Safe deposit boxes
- Taxes paid by tenant for landlord
- Warehouse and storage charges

Rent settlement – cancel lease

Rent collection expense

Rental property expense such as:

- Advertising of vacant premises
- Commissions to secure tenant
- Billboards and signs

Repairing business property such as:

- Alterations provided there are no capital additions
- Casualty damage
- Cleaning
- Minor improvements
- Painting
- Redecorating
- Repairing of furniture, fixtures, equipment, etc
- Roof repairs

Restitution under Fair Labor Standards Act

Royalties

Safe deposit box rental

Safe or storage rental

Salaries including bonuses, commissions, pensions, management fees

Sample room hotel

Self insurers, actual loss deductible only in year of loss

Selling expense such as:

- Commissions and bonuses as prizes
- Discounts
- Entertainment of customers and prospects

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Selling expense such as:

- Prizes offered in contests
- Publicity and promotion costs
- Rebates
- Sample room cost of maintaining

Services, professional or otherwise necessary for conduct of business

Shipwreck damages not covered by insurance

Social security taxes paid by employer

Stationery and all other office supplies used

Stock forfeited loss from

Storm losses not covered by insurance

Subscriptions to all trade, business or professional periodicals

Substitution expenses paid due to your absence

Supplies, office or laboratory

Taxes, all taxes paid except federal income taxes such as:

- City gross receipts tax
- City sales tax if included in sales
- State gross receipts tax
- State sales tax if included in sales
- State unemployment insurance tax
- Federal social security tax
- State income tax
- State unincorporated business tax
- Real estate tax
- Tangible property tax
- Intangible property tax
- Custom, import or tariff tax
- License tax
- Stamp taxes
- Any business tax as a rule
- Auto registration tax
- Safe deposit tax
- Membership dues tax
- Gasoline tax
- Admission tax

Taxes paid by tenant for landlord is deductible as rent

Telephone and telegraphs – an individual is denied a business deduction for basic local telephone service charges on the first line in his residence. Additional charges for long distance calls, equipment, optional services, or additional telephone lines may be deductible

Tenants, all payments for taxes, interest, repairs, made for landlord is deductible as rent

Theatre tickets, if connected with business or profession

Theft losses if not covered by insurance

Traveling expenses includes:

- Meals
- Entertainment
- Taxi fare
- Rail fare
- Air fare
- Tips
- Telephone
- Laundry
- Cleaning

Unemployment compensation taxes paid by employer

Uniforms furnish to employees

Unsalable or deteriorated merchandise

Wages

Welfare of employees, expenses covering

Workman's compensation fund contributions

Worthless bonds

Worthless stocks

Worthless real estate