

IRS Business Expense Categories

Business Category	Examples
Employee salaries	<ul style="list-style-type: none"> • Wages • Salaries • Bonuses • Vacation • Sick pay • Commissions • 1099 wages
Employee benefits	<ul style="list-style-type: none"> • Accident and health plans • Cafeteria plans • Adoption assistance • Life insurance • Dependent care assistance
Continuing education	<ul style="list-style-type: none"> • Books • Tuition • Educational materials <p>Note: Reimbursement or direct payment count.</p>
Home office	<ul style="list-style-type: none"> • Deduct a percentage of property taxes, insurance, utilities, mortgage interest. <p>Or</p> <ul style="list-style-type: none"> • \$5 per square foot standardized deduction. <p>Note: You can't deduct unrelated business expenses such as first telephone line in home and lawn care.</p>
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Water and sewage

Business Category	Examples
Telephone	<ul style="list-style-type: none"> • Monthly service charges and fees in a commercial space. • Basic local telephone service in addition to first telephone line in home.
Rent	<ul style="list-style-type: none"> • Vehicle leases • Equipment rental • Office space and/or warehouses
Legal and professional expenses	<ul style="list-style-type: none"> • CPAs • Attorneys • Consultants or professions who provides services to your business.
Interest on business debt	<ul style="list-style-type: none"> • Interest paid on all loans • Interest paid on lines of credit • Other liabilities for your business <p>You can't deduct:</p> <ul style="list-style-type: none"> • Interest on life insurance policies • Interest on personal loans • Interest on income tax debt
Payroll taxes	<ul style="list-style-type: none"> • Medicare taxes • Unemployment taxes • Social security taxes



Business Category	Examples
Insurance premiums	<p>Insurance premiums for insurance covering:</p> <ul style="list-style-type: none"> • Fire • Storm • Theft • Accident • Business bad debts • Liability • Malpractice • Workers' comp • Vehicles used for business • Life of officers and employees (you are not the beneficiary)
Business bad debts	<p>Unpaid amounts not received from a customer for services rendered can be deducted as bad debt by accrual-basis businesses.</p>
Travel	<ul style="list-style-type: none"> • Meals (50% limit) • Hotels/lodging • Transportation <p>Note: These need to be on behalf of a business. Entertainment expenses are not allowed.</p>
Advertisement or marketing costs	<ul style="list-style-type: none"> • Flyers • Website • Email marketing services • Business cards • Brochures
Vehicle expenses	<ul style="list-style-type: none"> • Leases • Miles incurred for business • Repairs • Gas • Registration fees

Business Category	Examples
Membership fees	<p>Fees for:</p> <ul style="list-style-type: none"> • Chambers of commerce • Business associations or leagues • Real estate boards • Civil public service organizations • Trade associations <p>Fees that don't count include:</p> <ul style="list-style-type: none"> • Hotel clubs • Airline clubs • Athletic clubs • Country clubs
Repairs	<ul style="list-style-type: none"> • Minor building repairs
Office supplies	<ul style="list-style-type: none"> • Paper • Printer ink • Cleaning supplies • Light bulbs
Client gifts	<ul style="list-style-type: none"> • Gifts up to \$25 for clients
Charitable contributions	<ul style="list-style-type: none"> • Deductions to qualified 501(c)(3) charities. • Limited to a certain percentage depending on business structure.
Business startup costs	<ul style="list-style-type: none"> • Up to \$5,000 of business start-up • Up to \$5,000 of organizational costs • Costs related to creating a corporation or partnership • Expenses related to training employees • Market research

