

## APPENDIX I

### **Maximizing Write-Offs: A List You Have to Have!**

Everywhere I go, every time I speak at an event, and even at dinner with friends, I constantly get asked the question: “So what’s a write-off?”

Well, surprisingly, there isn’t some master list included in the Internal Revenue Code, or even created by the IRS. There is simply the tax principle set forth in Code Section 62 that a valid write-off is any expense incurred in the production of income.

So some may say, “Well Mark, prepare a list of what you think is deductible and I’ll rely on that.” I have included such a list (see below), but it is really more than that.

There are some critical approaches to your behavior that can help you maximize your deductions and save you thousands of dollars a year and much, much more over a lifetime.

As I discussed in the preceding story, a good CPA should be teaching their clients to think above the line. That line is your Adjusted Gross Income or AGI. That is the number in the bottom right-hand corner on the front page of your tax return. What I mean by thinking above this line is constantly trying to think of any and all personal expenses that may have a business purpose. So many Americans blindly pay taxes, then pay for every one of their personal expenses “after taxes.” With a small business venture in your life and on your tax return, you can regularly succeed at converting personal expenses to business expenses.

Seasoned business owners over the years get proficient at keeping good records and thinking of a business purpose for many of their expenses. They have changed their behavior. They have become entrepreneurs and use that mentality in all of their purchases. Frankly, I have fallen in love with this approach to purchases and saving money.

Over the years my attitude about this has driven my wife crazy. She has consistently asked, “Do we have to find a tax reason for every one of our purchases?” I don’t think this is a particularly annoying habit, but that’s just me. I suggest you get in the practice. A penny saved is a penny earned.

So with all of that said, here is the list. Remember, it's just a start, and not every one of these items is always a deduction. It can depend on the character of your business and the overall approach to designing your tax return. Nevertheless, try to track every expense you can and comb over them with your CPA at the end of the year.

<p><b>All necessary business expenses</b></p> <p>Accounting fees  Advertising  Amortization  Annual meetings  Attorney's fees  Auto expenses  Bad debts (if previously income)  Banking fees  Board meetings  Building repairs and maintenance  Cafeteria plan (requires plan)  Casualty damages  Charitable deductions  Child care (requires plan)  Cleaning/janitorial  Collection expenses  Commissions to outside parties  Computers and tech supplies  Consulting fees  Continuing education  Conventions and trade shows  Cost of goods sold (if have inventory)  Depletion  Depreciation  Dining  Discounts to customers  Dues (professional or club)  Education asst. (requires plan)  Embezzlement losses  Employees  Entertainment  Equipment  Exhibits for publicity  Family members on payroll  Freight or shipping costs  Furniture and fixtures  Gifts (within limits)  Group insurance (if qualifying)  Health insurance</p>	<p>Interest  Internet hosting and services  Investment advice and fees  Laundry while traveling  License fees  Lobbying (if qualifying)  Magazines  Management fees  Materials  Maintenance  Medical expenses (with plan)  Membership dues  Moving  Newspapers  Office supplies and expenses  Outside services  Payroll taxes for employees  Parking  Pension plans  Periodicals  Postage  Publicity  Prizes for contests  Real estate related expenses  Rebates on sales  Rent  Repairs  Research and development  Retirement plans  Royalties  Safe-deposit box  Safe Storage rental  Subcontractors  Taxes  Theft  Telephone  Tolls  Travel  Unemployment compensation  Utilities</p>
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