

Deduct Business Interest

Not all business expenses are created equally. Only those that rise to the “ordinary and necessary” threshold become tax deductible.

IT'S OK TO BE ORDINARY

To qualify as an ordinary business expense, it must be normal, usual, or customary for the type of business. Some expenses that may only happen once in a business’s life cycle, like a lawsuit, have been deemed ordinary business expenses because businesses often face legal challenges.

DO YOU NEED IT?

Necessary business expenses are those deemed appropriate and helpful. Determining whether an expense is appropriate and helpful is generally a judgment call based upon the type of business and the industry in which the company operates.

A key factor in determining necessity is that the expense can’t be primarily personal. That means if you own a plumbing business and have a passion for racing dirt bikes, placing your company’s logo on the bike, the trailer or your race jersey likely won’t satisfy the appropriate-and-helpful criteria.



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