



Self Employed-Sole Proprietor

Do Your Taxes With Finesse

You're ready to open the doors on your new business. You are your own boss. You make the rules. You set the terms. You are in control of your own destiny. But are you ready for your taxes to change? Great rewards await the sole proprietor but those rewards come with some hurdles. You must make sure you are tracking your income and expenses. Come tax time it will be up to you to accurately report both to the government. Advanced planning for your taxes is as important as the planning you do to run your business. Putting in the time and doing the research now can make all the difference.

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- Income is subject to a variety of taxes
- Federal Income Tax (Average 20-25%)
- Self Employment Tax (15.3-16.2%)
- State Income Tax (DC: 8.95%) (MD: 8.95% includes county tax) (VA 5.75%)
- Total Tax: 41.05%-50.15%
- Reduce your taxes by tracking your tax deductions (see page 2)
- Learn how to stay organized (bookkeeping, filing systems, etc.)
- Contribute to deductible retirement plans (401K or SEP)
- Make quarterly tax payments also known as "Estimated Payments"
- Carefully plan large automobile or equipment purchases to maximize the tax benefits
- Maintain a home office
- Incorporate your business
- Re-structure health insurance and medical costs as business expenses

Self Employed/Sole Proprietor Deductions

Operating & Administrative Expenses		Direct Sales Expenses	
Bank Charges		Advertising (newspaper/radio/TV)	
Clerical & Virtual Assistant		Marketing	
Staff & Colleague Meetings		Client/Customer Accommodations	
Courier & Delivery Service		Client/Customer Gifts (Limited to \$25 per client, per year)	
Desk & Office Rent		Lead Generation Services	
Film & Photography		Commissions & Referral Fees	
Bottled Water, Soda, & Refreshments		Flowers & Cards	
Business Cards		Meals & Entertainment	
Maps, Books & Research Materials		Sales Tax	
General Office Expenses		Promotional Events & Contests	
Payroll Processing Fees		Mailing List Services	
Payroll & Unemployment Taxes		Design & Visual Displays	
Employee Benefit Programs		Trade Show Entry Fees	
Photocopying & Printing			
Postage		Professional Expenses	
Equipment Rental & Lease		Dues and Memberships	
Repairs		E&O/Liability Insurance	
Signs & Banners		Legal Fees	
Sign Installation & Removal		Tax Accounting & Bookkeeping Fees	
Office Supplies		Self Employed Health Insurance	
Wages & Salary		Continuing Professional Education	
Tools & Small Equipment (<\$500)		Seminars & Speeches	
Contract Labor & Subcontractors		Trade/Professional Memberships	
Janitorial Services		Licenses and Permits	
Document Shredding Service (Shred-It)		Business & Life Coaching	
Offsite Data Back Up Services		Publications, Newspapers, & Trade Magazines	
Computer & IT Maintenance Services		Resumes & Bios	
Equipment Warranties		Networking Organizations	
Framing		Handbook & Manual Assembly	
Website Design & Development		Certifications	
Website Hosting & Maintenance			
First Aid & Safety Supplies		Equipment (>\$500)	
Employee Training Programs		Computer Equipment	
		Camera	
Communication Expenses		Smartphone	
Cell Phone Charges		Fax Machine	
Office Landline		Copier & Scanner	
Fax Line or "E-Fax"		Printer	
Internet Access		File Cabinet	
Long Distance Charges		GPS Unit	
Text Messaging		Office Furniture & Decoration	
VOIP		Software	
Data Plan		Cleaning Equipment (vacuum/floor steamer)	
Client Email & E-Newsletters		Brief Case	
		Safety Equipment (AED Machine)	

Home Office Deduction

Before you take a deduction on your taxes for expenses related to a home office please be aware of some items:

- Your home office must be regularly and exclusively used for your self employed business
- If you own your home please do your best to have ready a copy of your settlement sheet from when you purchased the home and for all past refinancing

Is your home office used regularly and exclusively for your self employed/home based business? YES_____ NO_____

	Amount	Notes
Living space of the entire home in square feet		
Size of home office in square feet		
First Mortgage Interest		
Second Mortgage Interest		
Equity Line Interest		
Other Home Mortgage Interest (Private Party)		
Property Taxes Paid		
Insurance (Homeowner's or Renter's)		
Rent Paid		
Repairs to home (plumbing, electrical, structural)		
Repairs limited directly to the home office		
Cleaning		
Condo Fee or Home Owners Association Dues		
Electricity		
Gas		
Oil		
Water		
Trash Collection		
Alarm System		
Date you purchased your home		
Date you placed your home in service for business		If different from purchase date
Value of land at the time of purchase		
Improvements (Describe under NOTES)		
Improvements (Describe under NOTES)		
Improvements (Describe under NOTES)		
Other Expenses (Describe under NOTES)		
Other Expenses (Describe under NOTES)		

Remember your home office must be regularly and exclusively used for your business in order to be a tax deduction

Auto & Business Travel Deductions

Automobile Information and Expenses		Business Related Travel Expenses	
What kind of car/truck/SUV do you have?		Number of Days on Travel	
When did you place your auto in service?		Air Fare (including baggage fees)	
Purchase Price (including sales tax)		Train Fare	
Do you lease your vehicle?		Car Rental (including insurance and fees)	
If so, how much is your monthly lease cost?		Gasoline for Rental Car	
Mileage on Jan 1st of this year		Taxis & Local Transportation	
Mileage on Dec 31st of this year		Hotel Room	
Total Miles Driven This Year		Telephone & Fax	
Business Miles		Dry Cleaning (only while on travel)	
Commuting miles (if applicable)		Entertainment	
Average daily commute (if applicable)		Meals	
Gasoline		Tips & Gratuities	
Repairs & Maintenance		Internet Access Charges	
Tires, Alignments, Rotations, & Balancing		Travel Agency Fees (Orbitz/Travelocity)	
Towing or Storage Charges		Security Pass Fees	
Insurance		<ul style="list-style-type: none"> • If you wish to take a deduction for usage of your automobile it is the recommendation of this firm that you have a mileage log • Even if you take a percentage of your expenses rather than the standard mileage rates you must maintain mileage records in order to figure out your business use percentage • A mileage log can be in writing or there are devices available that will automatically track your mileage for you. • When taking a deduction for business travel please ensure that the travel in question held with it a legitimate business purpose. That includes but is not limited to: a client meeting, income producing property sale or arrangement, or was related to a professional seminar/education session directly related to your business. • For more clarification about whether your automobile or your travel is deductible please email or call our office and we will be happy to assist you further. 	
Registration, Licensing, and Tags			
Auto Club, OnStar, AAA, Roadside Assistance			
Basic or Extended Warranty Charges			
Safety & Emissions Inspections			
Car Washes, Detailing, & Cosmetic Repair			
Mileage Logging Device or Fees			
Accessories (Floor Mats, Tint, Sound System)			
Auto Loan Interest (if financed)			
Parking & Tolls (EZ Pass Monthly Fees)			
Car Tax or other value based vehicle taxes			