

It's no secret that tax season can be daunting, especially when you're self-employed. When it comes time to prepare for filing, make sure you double-check you have included these common tax write-offs for self-employed.

What is a Tax Write-Off?

A tax write-off (otherwise referred to as a "tax deduction") is an expense that you can deduct from your taxable income. Essentially, tax write-offs allow you to pay a smaller tax bill, but the expense has to fit the IRS criteria of a legal tax deduction.

As you prepare to file your taxes this upcoming year, don't forget to track these 10 tax write-offs.

10 Common Tax Write-Offs for Self Employed

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Start-Up Costs

As long as your start-up costs in your first year of operation are under \$50,000 you can deduct up to \$5,000 worth of those expenses in the first year, the remaining amount of those expenses could be amortized over time. Alternatively, if you've spent over \$50,000 you won't be able to write off those costs at first, but over time they can also be amortized.

Here are a few examples of start-up costs that are commonly overlooked:

- Customer research groups
- Product research or investigation
- Money spent looking for a business space

Home Office Space

This one can get tricky, but it's worth the extra effort. If you work from a home office, and it is the only location of your business and is solely used for work, you can write off the square footage of the space.

There are two methods to calculate your deduction.

1. Take the square footage of your office x \$5 per square foot. With this method, you can take a deduction that allows for a maximum of \$1,500 deducted (for spaces no larger than 300 square feet).
2. The second method requires more work and is something best completed with the [help of a tax preparer](#). Give us a call and we'd be happy to advise you on this calculation.

To learn more about how to deduct your home office space, see our blog post [here](#).

Premiums

If you pay for your own health insurance premiums and are not eligible to be a part of any workplace insurance plan, you can deduct medical and dental insurance premiums that you've paid.

Cell Phone/Internet Plans

Business-related cell phone and internet plans are 100% deductible as long as the internet or phone plan is solely used for work. If you work from home or also use these plans for leisure, the percentage of use for business can be deducted but not the entire plan.

Business-Related Vehicle Use

If you use your vehicle for work, you can deduct the expenses associated with driving. There are two methods to claiming your deductions:

1. The easier of the two ways is to take the dates and miles driven for business reasons and multiply that number by the standard mileage rate. The standard mileage rate changes annually, so it is important to check the [IRS website](#) for accurate reporting.
2. The second method is to calculate all of your vehicle operating expenses and multiply that number by the percentage of driving done for the business.

The most crucial part of either method is to keep detailed and accurate records, such as dates, miles driven, and all maintenance costs.

It is important to also note there are limitations on which method you can use based on if you own or lease the vehicle.

Retirement Plan Costs

As a self-employed entrepreneur, you can deduct contributions to your retirement plan costs. Simple Employee Pension (SEP-IRA), SIMPLE-IRA, and a self-employed 401k (Solo 401k) all qualify for the deduction.

Advertising Costs

Being self-employed can often come with advertising costs. Money spent on promoting your business can definitely qualify as a tax write-off.

For example, any expenses for advertising and marketing your business can be claimed as a deduction. This includes things like business cards, website design, development, and hosting, Facebook advertising, Google PPC Advertising, TV advertisements, etc. are all considered tax-deductible.

Continuing Education

Depending upon your field of work, you may be required to acquire continuing education credits. As long as these classes pertain to your current field of work, they can be deducted. Even if they are not a requirement in your field you can still take advantage of this tax write-off as long as you can prove the classes are going to improve a skill needed for your current position. It is important to note that college degrees that prepare you for your future field of work or are unrelated skills to your current position would not qualify.

Software Subscriptions

If you use software subscriptions, you're in luck, these are deductible as well. These can include subscriptions such as:

- QuickBooks or other bookkeeping software
- CRM Software
- Project Management Tools
- Sales Trackers
- Marketing Automation

Business Related Fees

Any business-related legal fees are tax-deductible, including the use of an accountant or lawyer.

Wrapping Up

To help ensure your tax season runs smoothly, we encourage you to keep accurate and detailed records of money spent on business-related purchases. The list above offers guidance for common tax write-offs for self-employed entrepreneurs preparing for tax season, but as always, we encourage you to use the help of an accountant to ensure you are maximizing all of your deductions.

If you have any questions, [please visit our services](#), [contact us](#), or call (608) 356-7733.