

Business Expense Category	Examples of Deductible Business Expenses	Examples of Non-Deductible Business Expenses	Tax Form To Claim Deduction
Employee Wages	Wages, Salary, Bonuses, Commissions, Vacation, Sick pay		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Employee Education Expenses	Reimbursement or payment of tuition, books and other expenses for an employee		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Employee Benefits	Accident & Health Plans, Adoption Assistance, Cafeteria Plans, Dependent Care Assistance, Life Insurance		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Rent Expense	Office space, Equipment rental, Leased warehouse, Leased vehicles		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Taxes for Leased Business Property	Taxes paid to a lessor on leased office space, equipment and vehicles		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Business Interest on Debt for Trade or Business	Interest paid on all loans, lines of credit and other liabilities incurred for your trade or business	The following are not deductible business expenses: Interest on income tax debt, Interest on loans with respect to life insurance policies, Interest on personal loans and credit cards	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Payroll Taxes	Social security taxes, Medicare taxes, Unemployment taxes		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Real Estate Taxes	Property taxes paid on real estate		*One of the following based on type of property: Form 8829, Sch A, Sch E
Excise Taxes	An additional tax paid for items such as: alcohol, tobacco, fuel		S-Corps: Form 1120S C-Corps: Form 1120 Sol Props: Schedule C Partnerships: Form 1065
Personal Property Taxes	A tax imposed by a state or local government on personal property used in your trade or business.		S-Corps: Form 1120S C-Corps: Form 1120 Sol Props: Schedule C Partnerships: Form 1065
Insurance Premiums	Insurance premiums for insurance covering: 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)		S-Corps: Form 1120S C-Corps: Form 1120 Sol Props: Schedule C Partnerships: Form 1065

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Self-Employed Health Insurance	Amounts paid for medical, dental and qualified long-term care insurance for yourself, your spouse, and your dependents		S-Corps: N/A C-Corps: N/A Sole Props: Form 1040 Partners: Form 1040
Business Start-Up Costs and Organizational Costs	Up to \$5,000 of business start-up and \$5,000 of org costs: Advertisement for grand opening, Costs of creating a corporation or partnership, A survey of potential markets, Salaries and wages for training employees		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Business Bad Debts	Unpaid amounts not received from a customer for services rendered can be deducted as bad debt by accrual-basis businesses		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Reimbursement of Travel, Meals and Entertainment to Employees	Transportation, meals and lodging expenses incurred by employees on behalf of a business are deductible. Meals are subject to a 50% limit	Entertainment is not deductible.	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Advertising/Marketing Costs	Business cards, flyers, website and fees paid to companies like Constant Contact to send promotional emails		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Car and Truck Expenses	Gas, repairs, registration fees, miles driven for business		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Charitable Contributions	Deductions made to qualified 501(c)(3) charities are deductible	Donations are limited to 60% of AGI for Sole Proprietors, Partners, & S-corps. Donations are limited to 10% of taxable income for C-corps	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule A Partnerships: Form 1065
Club Dues and Membership Fees	Dues/Fees paid to the following orgs are deductible: Business leagues, Chambers of commerce, Civic or public service orgs, Professional orgs, Real estate boards, Trade associations	Dues paid to the following orgs are not deductible: Country clubs, Golf & athletic clubs, Hotel clubs, Sporting clubs, Airline clubs	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Franchise, Trademark, Trade name	Costs incurred to purchase a franchise, trademark or trade name.		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Interview expense allowances	Reimbursements you make to job candidates for transportation or other expenses related to interviews; meals are subject to 50% limit.		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065

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Legal and professional fees	Fees paid to attorneys and CPAs who provide services to your trade or business.	Legal fees you pay to acquire business assets usually aren't deductible. These costs are added to the basis of the property	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Tax preparation fees	Fees paid to anyone who prepares your business tax return or the business portion of your personal return are deductible.	Fees paid for the preparation of your personal return are not deductible.	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
License and Permits	Business license, liquor license, realtor license and other permits required for your trade or business.		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Penalties and fines	Penalties paid for late performance or nonperformance of a contract.	Fines paid to a government or nongovernment entity for the violation of a law (i.e. parking tickets, health department fines, tax penalties)	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Repairs	Minor repairs like painting, cleaning & repairing roof, fixing plumbing leaks - (Note: major repairs that will increase the value of the property are subject to depreciation)		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Subscriptions	Subscriptions to professional, technical, and trade journals for your business field.		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Supplies and Materials	Office supplies, cleaning supplies, books, printer ink, paper, light bulbs etc;		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Utilities	Electricity, gas, landline, water and sewage		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Telephone	Monthly service charges and fees paid for telephone service in a commercial office space. (See Home Office for more details)	Cost of basic local telephone service and taxes for the first telephone line you have in your home.	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Depreciable Assets	Under Sec 179, up to \$1,160,000 (2023) can be deducted in the first year for qualified property and equipment, including a vehicle	Special limitations apply to Section 179 on a vehicle	IRS Form 4562

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Payments to 1099 Contractors	Payments to contractors like: bookkeepers, virtual assistants, design firms and anyone who provides a service to your trade or business.		S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Home Office	If you have a home office, you may be eligible to deduct a percentage of the following expenses: Utilities, Real estate taxes, Insurance, mortgage interest. You may choose to deduct \$5 per square foot up to 300 square foot instead of actual.	You cannot deduct any household expenses that are unrelated to your business like: Lawn care, Pool service, First landline in house	IRS Form 8829
Retirement Contributions	Contributions to a retirement plan, subject to the following limits: IRA: \$6,500 Roth IRA: \$6,500 SEP IRA: 25% of Income		S-Corps: N/A C-Corps: N/A Sole Props: Form 1040 Partners: Form 1040
Client Gifts	Gifts purchased for clients are deductible up to \$25.	Any client gift amount that exceeds \$25.	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Continuing Education	Registration fees and materials for seminars and courses that are useful for your trade or business.	Education that qualifies you for a new career are not deductible	S-Corps: Form 1120S C-Corps: Form 1120 Sole Props: Schedule C Partnerships: Form 1065
Removal of barriers to disabled	Cost of removing architectural or transportation barriers to allow access for disabled persons		S-Corps: Form 1120S C-Corps: Form 1120 Sol Props: Schedule C Partnerships: Form 1065