

key expenses

EQUIPMENT PURCHASES:

Record separately from other supplies the costs of business assets that are expected to last longer than one year and cost more than \$100. Normally, the costs of such assets are recovered differently on your tax return than are other recurring, everyday business expenses like business cards, office supplies etc.

TELEPHONE EXPENSES:

The basic local telephone service costs of the first telephone line provided in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs (basic fee and toll calls) of a second line in your home are also deductible if the line is used exclusively for business.

PROFESSIONAL FEES & DUES:

Dues paid to professional societies related to your profession are deductible. However, the cost of initial admission fees paid for membership in certain organizations or social clubs are considered capital expenses.

SUPPLIES & EXPENSES:

Generally, to be deductible, items must be ordinary and necessary costs in your profession and not reimbursable by your employer.

CONTINUING EDUCATION:

Educational expenses can now be used for a variety of deductions and under certain circumstances qualify for tax credits. Care must be exercised in keeping the various expenses separated by type, since not all expenses are allowed for certain deductions and credits.

AUTO TRAVEL:

Your auto expense is based on the number of qualified business miles you drive. If you qualify for the home office deduction, your home becomes your primary business location, and you will not have any nondeductible commuting travel. Therefore, generally all of your business travel from home to other business locations and meetings will be deductible.

Document business miles in a record book as follows: (1) give the date and business purpose of each trip; (2) note the place to which you traveled; (3) record the number of business miles; and (4) record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses – gas, oil, repairs, insurance etc. – and of any reimbursement you received for your expenses.

HOME OFFICE DEDUCTION:

A home office that is part of a residence is deductible only if used regularly and exclusively as a principal place of business, or as a place to meet or deal with customers or clients in the ordinary course of business. Generally, telecommuting employees would meet the "principal place of business" test, i.e., the location where you spend the majority of your time performing your work activities. Additionally, telecommuting employees must meet the "convenience of the employer" test. That test is met if your employer asks you to work out of your home.

OUT-OF-TOWN TRAVEL:

Expenses accrued when traveling away from "home" overnight on job-related and continuing education trips are deductible. Your "home" is generally considered to be the entire city or general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips and miscellaneous items like laundry, valet etc.

Document away-from-home expenses by noting the date, destination and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses – lodging, public transportation, meals etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information in a timely diary. You must keep track of the full amount of meal and entertainment expenses, even though only a portion of the amount may be deductible.



Occupational
Series

The information provided in this brochure is an abbreviated summary of the rules for the job-related expenses applicable to educators.

For additional details as to specific business expenses, the records required and the various governmental regulations,

consult the firm providing this brochure.

In order to deduct expenses in your trade or business, you must show that the expenses are "ordinary and necessary." An ordinary expense is one that is customary in your particular line of work. A necessary expense is one that is appropriate but not necessarily essential in your business. The application of these terms to you relies heavily on the "facts and circumstances" of your unique situation.

Tax Deductions for:

Telecommuting Employees

EQUIPMENT Purchases:

Answering Machine
Calculator
Cell Phone
Computer Equipment
Copy Machine
Desk & Chairs
Fax Machine
File Cabinets
Furnishings
Pager
Recorder
Shredder
Telephone
Other: _____

COMMUNICATION Expenses:

Cellular Service
Fax Transmissions/Line
Internet Service
Paging Service
Pay Phone
Second (Business Line)
Toll Calls
Other: _____

OUT-OF-TOWN Travel:

Airfare
Bridge & Highway Tolls
Bus & Subway
Car Rental
Laundry
Lodging (do not combine with meals)
Meals (do not combine with lodging)
Parking
Porter, Bell Captain
Taxi
Telephone Calls (including home)
Train
Other: _____

AUTO Travel:

Meetings (mi)
Continuing Education (mi)
Out-of-Town Business Trips (mi)
Parking Fees (\$)
Tolls (\$)
Other: _____

PROFESSIONAL Fees & Dues:

Association Dues
Credentials
License
Professional Associations
Union Dues
Other: _____

SUPPLIES & Expenses:

Briefcase
Business Meals (enter 100% of expense)
Business Cards
Clerical Service
Computer Software
Computer Supplies
Customer Lists
Entertainment (enter 100% of expense)
Equipment Repair
Fax Supplies
Gifts
Greeting Cards
Legal & Professional Services
Office Expenses
Photocopy Expenses
Postage
Shipping
Stationery
Technical Publications
Other: _____

HOME Office Deduction:

Total Square Feet of Home		
Business Area of Home		
Business Hours (total for year)		
Home Mortgage Interest		
Property Taxes		
Insurance		
Homeowners/Condo Association		
Rents		
Allocated Expenses*:	Direct	Indirect
Cleaning Service		
Maintenance		
Painting		
Repairs - Exterior		
Repairs - Interior		
Trash Service		
Utilities - Electric		
Gas		
Water		
Other: _____		
Other: _____		
Other: _____		

* Expenses related to your home office can either be direct or indirect expenses. Direct expenses are those which can be directly allocated to your business, such as a separate phone line or Internet connection exclusively for your business. Indirect expenses are those that are allocated to the entire house, such as electric, gas and water expenses.

CONTINUING Education:

Correspondence Course Fees
Course Registration
Lab Fees
Materials & Supplies
Photocopy Expenses
Reference Materials
Research Expenses
Seminar Fees
Textbooks
Other: _____