

Think Before You Deduct



Personal Expenses

- Personal grooming or clothing not required for the job
- Personal legal fees
- Life insurance premiums for the business owner
- Health club or gym memberships
- Personal phone expenses not directly related to business
- Personal gifts or donations
- Personal vacations or trips
- Payments for personal legal matters
- Personal credit card interest



Entertainment & Membership Dues

- Membership dues for country clubs or social clubs
- Meals and entertainment that are not directly related to business activities
- Country club dues
- Gifts to employees exceeding \$25 per person per year



Retirement and Personal Investments

- Contributions to a Roth IRA (unless specific retirement plan is in place)
- Contributions to a personal retirement account (like an IRA)
- Investment losses unrelated to the business



Business Startup and Education

- Start-up costs incurred before the business begins operating
- Educational expenses that are not related to the business



Miscellaneous

- Contributions to foreign charities without proper documentation
- Fines or penalties for late payments
- Health savings account (HSA) contributions made by the employer
- Fees for tax preparation for personal taxes (only business tax prep is deductible)
- Losses from the sale of personal assets



Illegal or Unethical Expenses

- Bribes or illegal payments
- Penalties and fines for violating the law
- Gambling losses
- Payments made in cash over \$10,000 without proper reporting. Check with your accountant on what is proper.



Commuting and Travel

- Commuting costs for regular travel between home and work
- Traffic tickets or parking tickets
- Personal travel expenses not related to business
- Spousal travel expenses unless directly related to business



Family and Personal Relationships

- Alimony payments (for divorces finalized after 2018)
- Child support payments
- Payments to family members for services not rendered
- Excessive salaries or bonuses to owners or family members



Home Expenses

- Home repairs or improvements not related to business use
- Payments for personal services not related to the business
- Homeowners association (HOA) fees

