

Schedule C categories

Advertising

The costs associated with promoting and selling your product or service. Examples include business cards, creating and maintaining a website, and marketing materials like brochures, mailers, and flyers.

Examples include:

- Yellow Pages listings
- Web advertising, banner ads, pay-per-click fees
- Promotional purchases and giveaways (T-shirts, caps, bags, pens)
- Fees paid to advertising and public relations agencies
- Web site creation and hosting
- Business logo design

More examples...

- Marketing e-mail, direct mail campaigns
- SEO and web traffic analysis
- Promotions and promotional events
- Newspaper, magazine advertising
- TV advertising
- Professional performance videos and CDs
- Package design fees
- Catalogs
- Billboards, signs and display racks
- Phone book advertising
- Sponsorships
- Banners, posters for business
- Bumper stickers, door-hangers related to promoting your business

Assets

These are the actual costs of assets used to generate business income such as manufacturing equipment, cash registers, computers, vehicles, and tools that wear out over time. Don't depreciate low-cost items like office supplies, even if they last more than a year.

Examples include:

- Buildings
- Land

Business Insurance

This is the cost of insuring your business. Examples include workers comp and general liability insurance. Don't include things like your health insurance here.

Note: If you have a home office and made payments for homeowner's insurance, do not enter those totals here. When you take the simple deduction (based on square footage), the insurance estimate is covered already.

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Examples include:

- General liability insurance
- Workers' compensation insurance
 - Fire, theft and flood insurance (for an offsite office or storage space)
- Renter's insurance (for an offsite office or storage space)
- Errors and omissions insurance
- Malpractice insurance
- Business interruption insurance

Car & Truck

These are costs related to business use of your vehicle. If you use your vehicle for both personal and business use, split the cost for each expense. You can use QuickBooks Self-Employed to track the actual cost of gas, oil, repairs, insurance, tires, and license plates (but not depreciation).

For our calculations, we use the simplified method of deducting Car & Truck expenses, with a flat rate for each business mile driven. You can still track your actual vehicle expenses as well as mileage, and use that information at tax time to calculate your deduction using the actual method.

Examples of actual expenses include:

- Auto insurance
- Auto loan
- Auto repairs
- Gas & fuel
- Car registration
- Vehicle lease
- Wash & road services

The Parking & Tolls subcategory covers expenses that are directly deductible (they don't depend on business miles driven). Examples of Parking & Tolls include:

- Bridge tolls
- Road tolls
- Parking fees

Commissions Paid

These are commissions you paid to anyone that were not included as part of a 1099-MISC payment.

Note: If you paid an independent contractor or freelancer \$600 or more for commissions on a project and did not withhold any type of taxes, you are required to send that contractor, and the IRS, a Form 1099-MISC.

Examples include:

- Finder's fees
- Sales commissions
- Fees for legal referrals
- Shared commissions (common in real estate)

More examples...



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- Commissions paid to managers and agents who are not employees
- Fees for drop shippers
- Fees for online referrals

Contract Labor

This is the cost for any contract laborers who worked for you during the year.

Note: If you paid an independent contractor or freelancer \$600 or more for services on a project and did not withhold any type of taxes, you are required to send that contractor, and the IRS, a Form 1099-MISC.

Examples include:

- Fees paid to sub- and independent contractors
- Fees paid for additional project support
- Fees paid for creative resources
- Fees paid for outside research, data collection

Home Office

Home Office could be the biggest single deduction you take for the year. There are two ways to qualify (you only need one):

Your regular workspace is reserved only for your self-employed work (no one uses the space for eating or other work). You need to use the space regularly (meaning ongoing use) and exclusively (meaning you use the space only for self-employment work).

You keep a dedicated space on your property where you store product samples or inventory. If you store samples or inventory for your business in any space in your home (such as a basement, attic, or spare room) you can claim that space.

[Details about the Home Office deduction](#)

Interest Paid

This includes business credit card interest, loan interest, and other interest related to your business.

Examples include:

- Mortgage interest paid for property used only for business (not home or personal use)
- Interest paid for business credit card debt
- Interest paid for small business loans
- Interest paid on a mortgage that was not reported on a Form 1098

Legal & Professional Services

This category includes fees paid for short-term professional advice (including lawyers and accountants) regarding specific deals, sales transactions or yearly taxes.

Tip: If you consulted an accountant or lawyer for both personal and business advice, ask for a bill that separates the fees so that you can deduct the expenses appropriately.

Examples include:

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- Professional association membership fees
- Organization dues (including state bar dues)
- Legal fees for business matters
- Accountant fees
- Short-term consulting fees

More examples...

- One-time management consultation fees
- One-time marketing consultation fees
- One-time engineering consultation fees
- One-time technical consultation fees
- Fees paid for Web site analysis
- Other outside consulting fees for short-term advice on specific deals
- One-time logo and web design fees
 - Fees paid to talent agents and business and personal managers who are not paid as employees

Materials & Supplies

These are office supplies like pens, pencils, paper, pads, printer ink, toner, copier paper, and flash drives.

Examples include:

- Stamps, labels, envelopes, mailers
- Shipping materials
- Storage and filing boxes
- Memo and message pads, Post-it notepads
- Whiteboards and markers
- Cleaning supplies
- Calendars and planners
- Staples, staplers, paper clips, scissors
- Tape, tape dispensers, rulers
- Calculators

Meals & Entertainment

Expenses for business meals and entertainment are deductible at 50%. To claim these, they must be reasonable (not extravagant) and directly related to conducting current or future business.

Note: Although you do not need receipts for meals and entertainment expenses under \$75, it is important to keep good records documenting the business purpose of the meal or event.

Examples include:

- Meals while traveling for business
- Meals and entertainment expenses when you attend conventions, trade shows, business conferences
 - Tickets, food, drinks for entertaining associates at sporting events, shows, plays, concerts, nightclubs
- Greens and court fees for sports activities with business associates
- Hosting a group business dinner at your home

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- ☐ Hosting a group business dinner at a restaurant or private club

More examples...

- ☐ Meals for potential customers or clients (at home or out)
- ☐ Meals during hunting, fishing, rafting, skiing or similar outings with business colleagues
 - ☐ The cost of meals and entertainment for a business associate's spouse (and your own, if other spouses are attending)

Office Expenses

These include costs you incurred this tax year that were related only to your office space.

Examples include:

- ☐ Business membership fees to superstores like Costco and Sam's club
- ☐ Pickup and delivery services
- ☐ Bottled water delivery
- ☐ Shredding services
- ☐ Backup data and archiving services

More examples...

- ☐ Office cleaning
- ☐ Handicap access expenses
- ☐ Office decorating expenses
- ☐ Separate cable line for your office
- ☐ Separate security system for your office

Rent & Lease

These include office furniture rentals, computers, copiers and other small business equipment, and building or land rental. (Do not include vehicle rental expenses.)

Examples include:

- ☐ Portable storage units
- ☐ Small machinery and appliance rentals for business
- ☐ Warehouse space
- ☐ Showroom space
- ☐ Office buildings
- ☐ Retail shops
 - ☐ Costs for repairs and maintenance, but for office or property that's not your home. Does not include renovations or improvements.

More examples...

- ☐ Minor roofing, HVAC upgrades for a business space
- ☐ Computer repair and upgrade visits from technical specialists like the Geek Squad
- ☐ Floor refinishing for a business space
- ☐ Carpet and furniture cleaning in a business space
- ☐ Janitorial services for a business space

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- Paint, spackle, electrical work

Repairs & Maintenance

As a general rule-of-thumb, home office repairs and upkeep are deductible. (Replacements or upgrades that add value to your property would be considered assets, not repair and maintenance.)

Examples include:

- Plumbing repairs
- Routine servicing for your heating or air conditioning
- Painting
- Cleaning gutters
- Repairing a light fixture

Taxes & Licenses

Tax subcategories include:

- Business Licenses
- Business Property Tax
- Estimated Taxes
- Federal Tax
- State Tax

Business Licenses examples include:

- DBA/Fictitious Business Name one-time filing fee
- Incorporation fees
- Business name search fees
- Copyright application and registration
- Trademarks and logo fees
- Domain name search fees
- Software licensing and renewal fees
- Real estate taxes for an office you own (not your home office)
 - Any other taxes imposed by city, state, county in order for you to conduct business
- Fee to acquire, draft or cancel a lease

Estimated Taxes

These are payments you've made to the IRS for federal estimated taxes. Don't include state estimated taxes, or payments for your year-end tax return.

Estimated tax payments are recorded in our system in three ways —

1. If you select transactions using the "Find Payments" feature
2. If you manually assign the category "Taxes & Licenses > Estimated Taxes" to any business spending transaction
3. If you printed a tax payment coupon, we automatically find and match the spending transaction when it appears in our system. Note that we don't count estimated taxes as "paid" when you print the coupon. We wait until we can match an actual transaction.

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Travel

Cost of business (not personal) travel. This category does not include any expenses for local meals or travel in or around your home location.

Note: You are not required to keep receipts for amounts less than \$75, but you do need to document the purpose of the expense and how it relates to your business, like in a notebook or spreadsheet.

Examples include:

- Air, train, or bus fare for business travel
- Hotel costs for business travel (except not meals)
- Rental car expenses
- Taxi, shuttle fares and transportation tips while out of town on business
- Gas, oil, parking fees and tolls while out of town

More examples...

- Computer rental costs when away on business
- Internet access fees when away on business
- Phone calls when away on business
- Tips while traveling (except for meal tips, which are only 50% deductible)
- TV advertising
- Dry cleaning if you have to stay overnight for business
- Cost of shipping baggage, supplies, products, equipment necessary for business
- Cost of storing baggage and equipment during a business trip
- Late check-out charges, if you are required to stay overtime for business

Utilities

These costs are only for a separate office or business property that's not your home.

Examples include:

- Gas and electricity
- Water
- Trash collection
- Monthly pest control service
- Security alarm monitoring service
- Sewer and septic service

Other Business Expenses

This is where you should list any other business-related expenses that you have not entered in a previous category.

Examples include:

- Answering services
- Bank service charges
- Bankruptcy filings
- Books, magazines, newspapers, subscriptions for business
- Cell phone costs

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- Conferences, conventions
- Continuing education expenses
- Credit and collections costs
- Credit card fees
- Dues to professional organizations
- Employment agency
- Gifts
 - Long distance calls for business that were not during travel
- Memberships for business
- Outside services
- Printing and copies
- Prizes to customers and suppliers
- Publications and subscriptions to trade magazines
- Shipping and postage
- Small tools
- Startup costs (\$5,000 maximum allowed)
- Tax return software (business portion)
- Uniforms and their maintenance
- Wireless access for mobile devices

Do not include:

- Charitable contributions
- Political contributions