

# 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.*

# introduction

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: _____               |