Business Tax Deductions List

For a business tax deduction to accepted by the IRS, the deduction must meet the following requirements: 1) Ordinary expense, 2) Necessary, and 3) Not lavish or extravagant.

If the IRS says that any of your deductions are 1) unordinary, 2) unnecessary, or 3) lavish, they can deny your deduction(s). The list below is a guide only as IRS changes its codes frequently.

A	
Legal & Professional Services	Deductible
Accident	Deductible
Advances	Deductible
Advertising	Deductible
Aircraft & Boats	Deductible or depreciated
Alarms	Deductible or depreciated
Allowance for Bad Debt	Non-Deductible, but actual Bad Debt is Deductible
Answering Service	Deductible
Antiques	Non-Deductible
Appraisal Fees	Deductible
Art Treasures	Non-Deductible
Assistants	Deductible
Automobiles	Deductible or depreciated
Awards	Deductible like employee wages
B	
Bad Checks	Deductible
Bad Debts	Deductible (if using Accrual Method)
Bail Bond Fees	May be deductible if necessary for the business
Bank Charges	Deductible
Barter	Deductible
Benefits	Deductible, in whole or partial depending on circumstances
Billboards	Deductible
Blue Sky or Goodwill	Depreciated over a few years
Bonds	Deductible
Bonus	Deductible
Bookkeeping	Deductible
Books	Deductible
Bounced Checks	Deductible
Boxes	Deductible, if not part of a product
Broker's Fees	Deductible if added to a sale
Burglar Alarm System	Deductible
Buildings	Depreciated
Business Assets	Deductible or depreciated
Business Association	Deductible
Business Consultants	Deductible with certain limits

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Business Gifts	Deductible
Business Licenses	Deductible
Business Seminars	Deductible
Business Trips	100% Deductible, but meals are only 50%
Buying a Business	Some deductible & some depreciated
C	
Cafeteria	50% of meals
Campaign Contributions	Non-Deductible
Cancellation Penalties	Deductible
Capital Assets	Some can be deducted that year, but others must be depreciated
Carrying Charges	Usually, Deductible
Cartons	If part of a product, it’s included in COGS; if not, they’re shipping supplies
Casualty Losses	Deductible to the extent they’re not covered by insurance
Charitable Contributions	Corporations only & up to 10% of taxable income
Chauffer	Is it necessary?
Childcare	Some are deductible and some are not
Classes	Some classes are deductible
Cleaning Services	Deductible
Closing Costs	Some are deductible right away, but some must be taken over several years
Clothing: Uniforms & Business-Logo Shirts	Deductible
Clubs	Deductible if business, but personal pleasure & recreation clubs are not
Coffee Service	Deductible
Commissions	Deductible: some may have to be amortized such as business broker’s commission
Community Service	Deductible
Commuting	Deductible compensation if visiting customer or vendors, but non-deductible if from/to home
Computers	Deductible or depreciated
Condominium	Deductible or depreciable if business Condos
Conferences	100% Deductible for attending, travel, & lodging, but meals are 50%.
Construction	Must be depreciated
Consultants	Deductible
Contract Labor	Deductible
Contractors	Deductible, if minor work or repairs

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Contracts	Deductible, if cost is for preparing the contract
Copyrights	Must be amortized over a period of time
Cost of Goods Sold (COGS)	Cannot deduct until sold
Courier Services	Deductible
Credit Cards	Deductible for fees & interest. Expenses charged are deductible in the proper business expense category.
D	
Damaged Property	Deductible, net of insurance proceeds
Damages	Deductible, if from breach of contract
Daycare	Some are deductible and some are not
Decorating	Deductible
Delivery Charges	Deductible
Demolition	Non-Deductible
Deposits	Deductible, if non-refundable deposits Non-Deductible, if refundable deposits
Depreciation	Each year the portion of the cost of an asset is deductible
Design Costs	Deductible, if minor, routine, & ongoing
Directors Fees	Deductible
Disability Insurance	Deductible, if for employees Non-Deductible, if for non-employee owners
Display Decorations	Deductible
Dividends	Non-Deductible
Donations	Deductible for corporations only; non-deductible for political donations
Driveways	Deductible, if used for maintaining a private roadway; construction must be depreciated.
Dues	Deductible, if used for business groups or associations Non-Deductible for personal recreation or pleasure
E	
Education Expenses	Deductible, if used to maintain or improve skills required in current job.
Electricity	Deductible
Employees	Deductible
Employment Agencies	Deductible
Employment Taxes	Deductible
Entertainment	Non-Deductible
Equipment	Deducted or depreciated
Estimated Taxes	Non-Deductible, if Federal Deductible on Federal return, if state & local taxes

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Excise Taxes	Deductible
Expense Accounts	Deductible
Exporting	Deductible
Exterminator Services	Deductible
F	
Filing Expenses	Deductible
Finance Charges	Deductible
Financial Consultants	Deductible
Finder's Fees	Deductible
Fines	Usually, Non-Deductible
Firearms & Ammunition	Deductible, if used for business security
Fire/Flood/Hurricane Losses	Deductible, net if insurance proceeds
Fixed Assets	Depreciated
Fixed Costs	Deductible
Fixtures	Deducted or depreciated, if not an integral part of a structure
Floor Tax or Inventory Tax	Deductible
Flowers	Deductible
Food	Some is deductible and some are not
G	
General Business Insurance	Deductible
Gifts	Deductible, with certain limits
Goodwill	Deductible when the business is sold & must be amortized
Greeting Cards	Deductible
Grooming	Deductible, if traveling away from home overnight on business.
Group Health Insurance	Deductible
Guard Dog	Deductible
Gun	Deductible, if ordinary & necessary for the business
H	
Healthcare Benefits	Deductible, but may be subject to certain limitations
Home Office & Related Expenses	Deductible, but may be subject to limitations
HOA Fees	Deductible
Housing Allowances to Employees	Deductible
I	
Improvements	Deductible, if for minor repairs Depreciated, if for major repairs
Income Taxes	Deductible for state & local income taxes on Federal return Non-Deductible for Federal taxes
Incorporation Fees	Deductible immediately, but some are depreciated

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Insurance	Deductible
Intangibles	Amortized, if intellectual property & over a period of years
Interest Expense	Deductible, in most cases
Internet Expanses	Deductible
Invoicing	Deductible
L	
Land:	Deductible, when sold. Depreciated, if only the structure's cost
Landscaping	Deductible
Late Charges	Deductible
Laundry Services	Deductible, if needed for work clothing
Leases	Deductible
Legal Fees	Deductible, for the most part
Licenses	Deductible
Life Insurance	Deductible, if group term life premiums are paid for an employee & the business owner is not a beneficiary. Non-Deductible, if policy is self-employed
Limousine Services	Deductible, if necessary for business operations (Be careful, as the IRS could see this as entertainment)
Loans	Deductible for interest portion of payment only Non-Deductible for principal repayments
Local Transportation	Deductible
Lodging	Deductible, when traveling on business (with some restrictions)
Logo	Deductible, for the cost of creation
Losses	Deductible, for casualty and theft losses
M	
Magazines	Deductible
Mailing Lists	Deductible
Maintenance	Deductible, for minor repairs
Manufacturing Supplies	Deductible, if they're NOT used for products
Market Research	Deductible
Marketing	Deductible
Materials & Supplies	Deductible, some must be included in inventory
Meals	100% Deductible, if meals are catered or homemade. 100% Deductible, if meals provided to employees for the convenience of the employer. 50% Deductible, if meals w/ prospects & clients
Medical Expenses	Deductible, with limits for self-employed.
Mileage Allowance	Deductible

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Moving Expenses	Deductible
Music System	Deductible
N	
Net Operating Losses	Deductible, on a carry-forward basis
Newsletters	Deductible
Newspapers	Deductible
O	
Office	Deductible
Office Equipment	Deductible or depreciable
Office Supplies	Deductible
P	
Painting	Deductible
Paralegal Fees	Deductible
Parking	Deductible
Parking Tickets	Non-Deductible
Parties	Deductible, if all employees are invited
Patents	Amortized
Payroll	Deductible
Payroll Services	Deductible
Pension Plans	Deductible
Permits	Deductible
Personal Property	Deductible or depreciated
Property Tax	Deductible
Political Contributions	Non-Deductible
Post Office Box	Deductible
Postage	Deductible
Printing	Deductible
Prizes	Deductible, if awarded to customers & suppliers
Product Development	Deductible
Professional Literature	Deductible
Profit Sharing Plans	Deductible Promotions
Public Relations	Deductible
Punitive Damages	Deductible, unless paid to a government agency
R	
Real Estate	Depreciated, for buildings (written off when sold)
Real Estate Taxes	Deductible
Rebates	Deductible
Records	Deductible
Recreation Facilities	Deductible, when available to all employees

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Recreational Vehicles	Deductible or depreciated
Referrals	Deductible
Refunds	Deductible
Rent	Deductible
Rental Business	Deductible
Repairs	Deductible
Research	Deductible
Returned Checks	Deductible
Returned Goods	Deductible
Rewards	100% Deductible, if used for non-employees & employees under $400. Wages Paid, if value of employee reward is $400+
Royalties	Deductible
S	
Safe Deposit Box	Deductible
Safety Equipment	Deductible
Sales Refunds	Deductible
Sales Tax	Deductible
Scholarships	Deductible
Security	Deductible
Self-Insurance	Non-Deductible
Seminars	Deductible
Showroom	Deductible
Sick Pay	Deductible
Snacks	Deductible
Standard Meal Allowance	50%, when traveling on business
Standard Mileage Allowance:	Deductible, for $0.67 per mile (2024)
State Industrial Insurance	Deductible
State Taxes	Deductible
Stationary	Deductible
Storage Facility	Deductible
Store	Deductible
Store Fixtures	Deductible or depreciated
Storm Losses	Deductible, net of insurance proceeds
Supplies	Deductible
Surveys	Deductible
T	
Tariffs	Deductible
Tax Penalties	Non-Deductible

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Tax Return Preparation	Deductible
Theft / Losses	Deductible, net of insurance proceeds
Tips	50% Deductible, for meals 100% for all other services
Trademarks	Deductible
Trade Shows	Deductible
Training	Deductible
Travel	Deductible, when away on business
Tuition	Deductible, when used to maintain or improve skills in current job
U	
Unemployment Insurance	Deductible
Unemployment Taxes	Deductible
Unions	Deductible
University (education)	Deductible, when used to maintain or improve skills in current job
Utilities	Deductible
V	
Vacations	Deductible, if combined w/ a legitimate business trip
Vehicles	Deductible
W	
Wages Paid	Deductible
Warehouse	Deductible
Website	Deductible
Y	
Yellow Pages	Deductible
Z	
Zoning	Deductible, for permits

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Sources: IRS, Pub 334 & Small Business Administration.