

# Business Deductions Can help (Maybe?)

By Charles Clar

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All About Taxes <http://all-about-life.com/page463954.htm>

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This feature deals with USA tax laws and how you can use them to your advantage. It is made available on a more or less weekly basis.

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## Business Deductions Can Help (Maybe?)

In the tax world, business deductions are like the promised land! These writeoffs can be one of the very best sources of tax savings for self employed workers, and sometimes even for employees.

However, some people may find it hard to achieve tax benefits from such expenses because of the eligibility rules.

Employees often have a difficult time deducting any of their unreimbursed, job related expenses. This happens because employee business expenses and other 'miscellaneous' itemized expenses are deductible on Schedule A (the itemized deduction form) only to the extent that they are larger than two percent of adjusted gross income.

For example, if your adjusted gross income (the number at the very bottom of the first page of Form 1040) is \$75,000, then two percent of this is \$1,500. If the total of job related expenses and the other 'miscellaneous' expense is \$2,000, you can deduct only \$500. But if the amount is \$1,500 or less, you get no deduction.

These deductible items include union and professional association dues, subscriptions to trade journals, work tools, uniforms, the business use of your car, the cost of attending school to improve your current job skills, the cost of hunting for a new job in the same line of work, tax preparation fees, and more.

Self employed individuals don't have this same hurdle. Expenses related to their businesses can be deducted directly against income on Schedule C. There is no two-percent threshold rule for the self employed.

But remember. Even if you're an employee to whom the two percent rule applies, it still pays to test the limits to determine if you qualify. While you may not receive deductions every year, the list of eligible job related expenses is extensive enough that you may get a writeoff in some years. Every little bit helps!

As always, PLEASE make sure you read and understand the fine print. It wouldn't be taxes in America otherwise!

You can find help at my website:

<http://all-about-taxes.com>

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