

Little Known Tax Deductions That Can Save You Big

By Diane Hughes

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When you say "end of the year", most small business owners think of two things immediately. The *second* is the holidays. The *first* is taxes! While almost all of us pay taxes quarterly, we still have to file in January. That means November and December are spent getting ready. When you're gathering all your information together for your accountant, don't forget about these regularly overlooked deductions.

Mileage

Sure, most of us already know that we can deduct a mileage allowance from our taxes. However, many of us (especially dot coms who don't travel much) don't bother to keep track of our travels thinking it won't be worth the trouble. Oh, but it is!

I had the same mind-set, but - at the urging of my accountant - decided to keep track and see for myself. I'll never neglect to do it again! Even though almost every place that I travel is nearby, when I added up all the 10-mile trips to the office supply store, the bank, etc., it turned out to be a hefty total. Haven't kept track this year? Start now.

Go back and look for deposits in your check register. This would have meant you traveled to the bank on that date... write it down Do you have receipts from the office supply store? You must have traveled on that day, too. Write that down. Keep all your information on a log sheet with the date, number of miles traveled round trip, and the purpose of the drive (i.e., office supply store, bank deposit, etc.). You'll be pleased to find that even short, weekly trips all throughout the year can add up to 800 - 1,000 miles or more. Multiply that times the 2002 allowance of 36.5 cents per mile and you get a \$292 - \$365 tax deduction!

Bad Debt

Did you sell products or services to someone who did not pay you? Have you tried to collect the money without success? You can write those losses off and get a deduction for them. No, it won't

equal the total amount of the money you lost, but it is better than nothing.

Simply gather the information about the sale, the invoice you submitted to the customer, and documentation of your attempts to collect the amount owed. You do not have to file bad debt deductions in the same year they occurred, so if you have old losses, gather the information now so you can include it on your 2002 return.

Travel

Almost any trip can become a business trip if you plan it right. Even if you're traveling to your 20-year high school reunion, you can write off your travel expenses IF you play your cards right.

While mingling with your old chums, collect some business cards, and hand out a few of your own. Ask people what they do for a living (in tax talk that relates to "market research"), and set up a phone call or two for when you return home.

I know one woman who took a pleasure trip to England. However, while she was there, she took tons of pictures of museums, landscapes, etc. She gathered brochures and picked up some information from a few local vendors. She used these things to justify her trip as business travel for her set design (theater) company.

No, you don't have to spend the entire trip talking/doing business. Just be able to document that you did some business while you were there. You can also take deductions for lodging and meals while you're on your trip so save your receipts!

As you can see, there are many tax deductions available to you. To find out about more, set up a "pre-tax" appointment with your accountant or tax pro. They can give you information on additional tax deductions that might apply to your particular industry. When you add up all the small stuff, you can end up with some major tax savings!

Diane Hughes is an accomplished internet entrepreneur and editor of the popular ProBizTips Newsletter. Subscribe to her newsletter for more tips, tricks, and secrets of the trade -- plus get HUNDREDS of eBooks, software and tools just for subscribing! <mailto:probiznews@aweber.com>

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