

Saving Taxes with Your Home-based Business

By Ryan H. Law

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HOW TO KEEP \$5000 IN TAXES THIS YEAR

Today we will review some ways of saving taxes through your business. The information contained in this report comes from the IRS tax code (you will recognize some of it if you took advantage of your free bonus of the Special Report and audiocassette (<http://www.homebizkeys.com/page14.html>)). However, we are not accountants or tax attorneys, but business owners dedicated to helping people just like you take advantage of these great deductions!

If you're like most people you are just taking the standard three deductions: 1) Deduction of home mortgage interest 2) Deduction for spouse and 3) Deduction for children. If you fall in this category you are among the most heavily taxed group in America!

Did you know that there are over 150 tax deductions available for small and home-based business owners? Contrary to popular belief our nation's economic growth doesn't come from the Wal-marts and Microsofts, but from small and home-based businesses. Because of this Congress has mandated some very generous tax deductions to help encourage this growth. All that is asked in return for these deductions is proper documentation. You don't even need to be making a profit to claim these! You simply need to be in "pursuit" of profit.

Of the more than 150 available deductions, the following six offer you the greatest value for your effort, and can result in \$5000 or more in cash savings this year!

1) CAPITAL EQUIPMENT

All business owners need equipment to run a business. You can write-off up to \$24,000 in deductions on purchases of office furniture, office equipment (including computers, printers, telephones, etc.) and automobiles (qualifying vans, pickups and SUV's) in the year of purchase. This applies whether the item was paid for in full or financed. (IRS CODE, SEC. 179, 2001)

2) MEDICAL EXPENSES

Small and home business owners can deduct 100% OF ALL MEDICAL EXPENSES. That includes medical insurance premiums (even if they are for insurance provided by your 9-5 job!), office visits, co-pays, pharmaceuticals, dental and much more! Many business owners write-off more than \$2000 a year this way! (IRS CODE, SEC. 105, 2001)

3) HIRING CHILDREN

Up to \$7,000 (\$4,700 in wages + \$3,000 IRA) per child, per year can be paid to children over the age of 7 who help out with the family business. This can include cleaning the office, filing, cleaning the company car, and much more! If your child is under 18 there will be no Social Security or income tax due on this money, and it is a full deduction to the business! The \$4,700 per year can then be used to purchase school clothes, pay for college, weddings and much more! You will end up spending money on these things anyway for your children, so why not get them tax-free? (IRS CODE SEC 63(c), 162(a)(1), PUB. 15-SEC. 3, 2002)

4) HOME OFFICE

A home business owner will need an office at home. A home business owner can write off any room or portion of any room that is used for business. The average amount claimed for this deduction is \$2400 per year! (IRS CODE, SEC. 280A, 2001)

5) VACATIONS/BUSINESS TRIPS

It's easy to combine business with pleasure on your next trip in order to deduct part of the travel costs. Of course, proper documentation and qualification is needed, but doing so can save you hundreds of dollars! (IRS CODE, SEC. 162(a)(2), Reg. 1.162.2, 2001)

6) BUSINESS MILEAGE

You can deduct 36.5 cents for every business mile you travel and document. If you perform tasks for your home business while going to and from your day job even some of your commuting mileage becomes deductible! (Tres. Reg. 1.162-1(a), 2001)

There you have it! Those 6 deductions are all based on current expenses, so why not take advantage of them?

Home Business Keys has partnered with My Tax Man to offer you a product that will help you take advantage of all of these deductions and more! My Tax Man is in business strictly to help small and home based business owners save on taxes. To learn more about My Tax Man and the Tax Toolbox go to the link at the end of today's course.

ACTION STEPS

1) Visit My Tax Man to see how you can get the maximum tax benefits from your Home Based Business.

LINKS:

To visit My Tax Man to learn about the Tax Toolbox go to:
<http://www.taxtoolbox.com/index.html>

To order a tax deductible Tax Toolbox go to:
<http://www.homebizkeys.com/page27.html>

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