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# Foreword

A lot of people today opt for starting their own home based business and popular as it is there should be some thought given to the tax breaks that one can and cannot enjoy through this form of business. Get all the info you need here.



## ***Taming Taxes***

A Guide To Home Business Taxes

# Chapter 1:

## *Home Business Tax Basics*

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### Synopsis

The following are some areas worth looking into to gain more insight to the real facts of the tax breaks one can enjoy:



## **The Basics**

Keeping a business journal that consist of all the details of the items that the individual has intentions of submitting for tax breaks would be done at the very onset of the business.

Being able to answer the tax auditors with proper documented proof can take a load off the stress and confusion that might otherwise occur. The more detailed the account the easier the process will be when addressing any queries.

Using the work space area as a tax deduction will also be something to consider and this should be calculated accurately and to the ratio of the premises being used for other purposes such as a dwelling place for the individual.

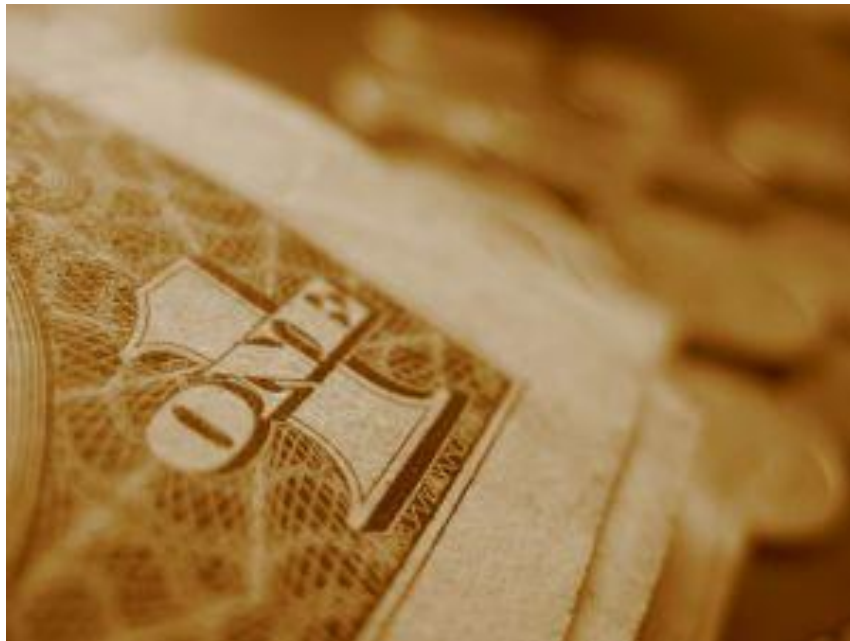
Any equipment that is being used for the purpose of conducting the business engine efficiently can also be factored into the tax deduction plan. These can be deducted in its original cost incurred state and depreciations are rarely expected to be taken into account.

Claims on savings for retirement plans, medical plans and social security deductions can also be given tax breaks.

The social security percentage can be calculated from the “employer” billing angle also one can include deductions made for any others assisting in the business.

Entertainment can also be a good area to consider for tax relief. Ensuring the entertainment is for business purposes and also to have the necessary backing proof would facilitate the smooth claiming procedure for such relief.

Any trips taken for business purposes can also be used to gain some percentage of tax relief. However there should be adequate documentation to substantiate the claim.



# Chapter 2:

## *Getting Organized*

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### Synopsis

Filling tax returns need not be a frustrating experience, if all the relevant documents are submitted along with the supporting claims for exceptions and reliefs. Preparing in advance by keeping good records will make the process easier and smoother thus easing the possible stress levels of the individual.





## **Get It Together**

Perhaps the first thing to do is to file the tax forms early or on time and not leave it to the last minute where hundreds of things can go wrong due to the rush to get things done.

Having proper supporting documentations every step of the way is also another “do” point that should be taken seriously. Ensuring all ID numbers are filed with the application is also important as forgetting to include this can cause unnecessary delays and inconveniences.

Being self employed or having a home based business requires a little more work in terms of filling tax returns. All corresponding documentation should ideally be supported with the relevant receipts, bills, sales slips and any other business related expense notifications.

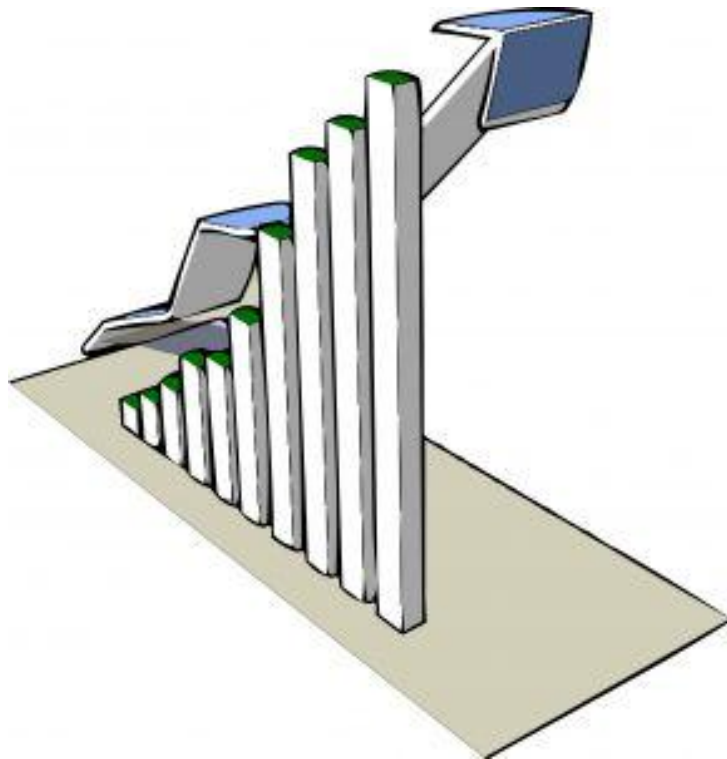
Areas that can be considered for claims would include office equipment, mileage records, business entertainment, supplies bought for the business, utilities and many other which a tax claims officer can indicate.

Using financial bank statements to make a comparison on the final deductions made and whether there are any discrepancies is another wide element to look into. Although most forms of savings

have taxes linked to it, there are ways that can help to file relief for such accounts.

Mortgages are also another element that one can claim against when it comes to looking for tax relief. The payment made on the interest can be used to get added relief from tax payments.

If the business entity decides to support any charities or other similar kinds of needs such as volunteering for a good cause, this can also be a tax deduction platform for the individual.



# Chapter 3:

## *Calculate Expenses*

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### Synopsis

Reasonable deductions can be made for tax exceptions reasons and knowing how to go about making the right claims and filing them accordingly will help the individual keep the tax on the home business at a minimum.



## **The Output**

Below are some areas where calculations can be done to ensure the optimization exercise of tax relief for the home based business entity:

- As in any other business the element is significant to the success of the business. It contributes to the awareness campaign of the product and getting the attention of the relevant masses for revenue earning purposes. Therefore most businesses would require some sort of business advertising budget which is tax deductible.
- Business start up cost is also another tax deductible possibility. Keeping a well documented account of these expenses incurred will enable the individual to file comprehensive and accurate tax required information.
- Legal, accounting and any other professional fees that may be incurred along the way because of the home business can also be calculated to be included in the tax relief claims.
- Communication tools can also be calculated into the claims exercise is this is a contributing factor that is part of the business engine.

- Utilities and rental can also be included however this may be a little complicated as the premise is also being used for other purposes such as a dwelling place.
- There is also a section that is termed as miscellaneous that can be used to calculate certain expenses incurred during the course of the business.
- Sometimes meals and entertainments are noted in this section but the receipts pertaining the occasion should be clearly indicative to the reason and who was present and why such an expense needed to be included.
- Though noted as a home based business there may be a requirement to travel and as such calculations can and should include this too.



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