

# Small business startup cost planner & tax prep checklist

Plan your budget, track your expenses, and maximize your first-year tax deductions

Filling out these core details upfront will give you a “north star” as you calculate your startup costs and allocate funds, especially regarding the crucial **\$50,000 deduction phase-out threshold**.

	Input and status	Key consideration
Business structure	Sole proprietorship LLC Other: _____	Impacts legal fees and complexity
Planned launch date		Use to define the “first tax year”
Estimate for total startup costs		Crucial for the \$5,000 deduction phase-out (\$50,000 threshold)
Emergency fund goal	10-20% of total costs. Set aside _____	Recommended buffer for unexpected delays or equipment failure
Industry type	E-commerce/service-based Manufacturing/construction	Higher startup costs for M/C due to equipment/infrastructure

# Startup cost tracker

A successful launch starts with a clear budget. Use this interactive tracker to differentiate between **one-time costs** (expenses to get the doors open) and **ongoing costs** (recurring expenses for the first few months). Track your estimated budget against your actual spending.

Most importantly, use the **"Deductible?"** column as a quick guide for tax season. And remember to check the box once you've filed the receipt.

## Part A: One-time or initial costs

Cost category	Estimated budget	Actual cost	Date paid	Tracked/receipts filed?	Is this deductible?
Legal and admin					
Business registration fees					Yes
Initial legal consultation/fees					Yes
Space and property					Yes
Initial property lease deposit/rent					Yes
Office/facility build-out/renovations					Yes
Equipment and tech					Yes
Initial equipment/furniture purchase					Yes
Initial software licenses/subscriptions					Yes

Cost category	Estimated budget	Actual cost	Date paid	Tracked/receipts filed?	Is this deductible?
Inventory and goods					
Initial inventory/stock					No (COGS)
Research and development (R&D) and marketing					
R&D costs					Yes
Initial branding/website design					Yes
<b>Total initial startup costs</b>					

# Part B: Ongoing or recurring costs (for first 3-6 months)

Cost category	Monthly estimate	3-month total	Tracked/receipts filed?	Is this deductible?
Operating expenses				
Rent/utilities (after initial deposit)				Yes
Ongoing legal/accounting fees				Yes
Insurance premiums				Yes
Labor and staffing				Yes
Salaries and wages (pre-launch training/hiring)				Yes
Replenishment and maintenance				
Replenishment inventory				Yes
Equipment repair/maintenance				Yes
<b>Total ongoing estimated costs</b>				

# Maximize tax deductions

Understanding the tax implications of your initial expenses is where you can really **save money**. This checklist simplifies the complex rules around startup cost deductions and highlights the most important recent tax updates.

Follow these steps to **maximize your eligible deductions in your first year** and ensure you have the proper documentation to avoid future headaches.

## Initial startup cost deduction

Calculate total eligible startup costs (from Section 2, Part A - "Yes" Deductible items).

Apply the \$5,000 first-year deduction.

**Note:** If total costs exceed \$50,000, reduce the \$5,000 deduction dollar-for-dollar.

Plan to amortize remaining costs over 15 years (180 months).

## Tax updates for 2026 filing (based on the One Big Beautiful Bill Act (OBBBA))

**R&D Costs:** If you incurred R&D costs, plan to deduct them in the year incurred (100% deduction), rather than amortizing them over 5 years.

**Section 179 & bonus depreciation:**  
If purchasing large qualifying equipment:

Check if the asset was acquired and placed in service after Jan. 19, 2025, to qualify for 100% bonus depreciation.

Check Section 179 deduction limit (increased to \$2.5 million).

## Documentation and record keeping (crucial audit prep)

Keep all records/receipts for at least three years from the year of spending.

File/digitize the following documentation:

Comprehensive business plan

Startup cost budget (This PDF)

All related receipts and invoices

Bank statements and loan agreements

Vendor and supplier contracts

**Ready to maximize your first-year tax deductions?**

[Explore QuickBooks solutions](#)

**Legal Disclaimer:** This document provides general business and tax information and should not be considered tax, legal, or financial advice. Consult a qualified professional for advice tailored to your specific situation.