

Self-employed tax deduction checklist

This checklist will help you identify and track potential tax deductions for your self-employed business. Remember to consult a tax professional for personalized advice.

(Check all that apply)

Home office *(Part of your home is exclusively used for business)*

- Choose a calculation method.

Regular method: Calculate the square footage of your home office and your entire home. Gather records of all home-related expenses.

Simplified method: Calculate the square footage of your home office.

- Calculate your deduction using the chosen method.

Regular method: Multiply actual home expenses by the percentage of home used for business.

Simplified method: Multiply \$5 per square foot by the number of months you used it for business.

- Deduction amount:

Self-employment tax

- Based on your net earnings.

Multiply your net earnings by 92.35% to calculate your self-employment tax, keeping in mind the Social Security wage base limits (\$168,600 for 2024, \$176,100 for 2025) and the additional 0.9% Medicare tax on income above \$200,000, and remember you can deduct 50% of this amount.

- **Deduction amount:**

Retirement contribution *(You contributed to a retirement plan)*

- Gather contribution records.

- Contribution limits for 2024:

Traditional and Roth IRA:

\$7,000 (\$8,000 if age 50 or older)

SEP IRA:

The lesser of 25% of your net earnings from self-employment or \$68,000

Solo 401(k):

\$68,000 total (includes both employee and employer contributions)

- **Deduction amount:**

State and local taxes

- State and local records.

Gather records of your state and local income, sales, and property taxes. Remember, the deduction is capped at \$10,000 per household.

- Deduction amount:

Qualified business income (QBI)

- Deduct up to 20% of your QBI.

- Deduction amount:

Health insurance *(You are not eligible for an employer's health plan)*

- Gather records of your health insurance premiums.

If you are self-employed and not eligible for an employer's health plan, you can deduct 100% of the health insurance premiums you paid for yourself, your spouse, and your dependents.

- Deduction amount:

Travel *(You traveled for business purposes)*

- Gather records of your travel expenses.

To be deductible, your travel expenses must be ordinary and necessary for your business. This generally includes transportation, lodging, meals (50% deductible), and incidentals.

- **Deduction amount:**

Startup costs *(You incurred startup costs for your business this year)*

- Gather records of your eligible startup costs.

You can deduct up to \$5,000 in startup costs in the first year. This deduction is reduced if your total startup costs exceed \$50,000. Any remaining costs can be amortized over 180 months (15 years).

- **Deduction amount:**

Advertising and marketing

- Gather records of your marketing expenses.

- **Deduction amount:**

Depreciation *(You purchased equipment for your business)*

- Gather purchase records.
Determine the useful life of each asset.

○ **Deduction amount:**

Meals *(You had business-related meals)*

- Gather records of these expenses.
You can generally deduct 50% of the cost of business-related meals.
Be sure to keep good records to support the business purpose of the meal.

○ **Deduction amount:**

Business insurance

- Gather records of your business insurance premiums.

○ **Deduction amount:**

Software and subscription

- Gather records of your software and subscription expenses that you use for your business.

○ Deduction amount:

Office supplies

- Gather records of your office supply expenses.

○ Deduction amount:

Internet and phone *(You used the internet and phone for business)*

- Gather expense records.

If your internet or phone was used exclusively for business, deduct the full cost. Otherwise, track the percentage of business use.

○ Deduction amount:

Interest expenses

- Gather records of any interest paid on business loans or credit cards.

○ Deduction amount:

Rent and utilities

- Gather records of your rent and utility expenses used for your business property.

○ Deduction amount:

Professional fees

- Gather records of any professional fees or services paid that were used for your business.

○ Deduction amount:

Membership dues

- Gather records of your membership dues.

Applies to any membership dues to professional organizations related to your business.

- **Deduction amount:**

Business gifts *(You gave gifts to clients or associates)*

- Gather expense records.

You can generally deduct up to \$25 per person per year for business gifts.

- **Deduction amount:**

Bank fees

- Gather records of any bank fees you incurred related to your business accounts.

- **Deduction amount:**

Vehicle use *(You use your vehicle for business purposes)*

- Choose a calculation method:

Standard mileage rate: Track your business mileage and multiply it by the standard mileage rate (67 cents per mile for business in 2024).

Actual expense method: Track your business mileage and all vehicle-related expenses and multiply them by your business use percentage.

- Calculate your deduction using the chosen method.

- Deduction amount:

Education

- Gather records of your education expenses that are related to your business.

- Deduction amount:

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