



GUIDE

Small Business Tax Cheat Codes

50 Tax Deductions & Credits You're Missing



Deductions vs. Credits: 03
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Deductions & Credits

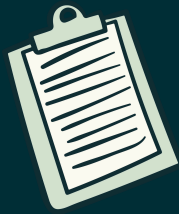
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Deductions vs. Credits: What's the Difference?

AND WHY IT MATTERS FOR YOUR TAX STRATEGY

Let's cut through the tax jargon and break this down simply:

Tax deductions are like a discount on your taxable income. They reduce the amount of income you're taxed on.

For example, if your taxable income is \$100,000 and you have a \$1,000 deduction, you'll only be taxed on \$99,000. The actual money you save depends on your tax bracket. If you're in the 25% bracket, that \$1,000 deduction saves you \$250 in taxes.

Tax credits, on the other hand, are like a gift card from the government. They directly reduce your tax bill, dollar for dollar. It's money straight back in your pocket.

If you owe \$5,000 in taxes and you have a \$1,000 tax credit, your tax bill drops to \$4,000. Simple as that.

Here's the bottom line: Both are great, but credits pack more punch. A \$1,000 tax credit will always save you \$1,000, while a \$1,000 deduction might save you \$250 or less, depending on your tax bracket.



How to Stay on Top of Your Deductions & Credits

Keeping track of anything related to taxes isn't exactly a party, but it doesn't have to be a nightmare. Here's how to stay on top of things without pulling your hair out:

01

Get Organized Permanently

Set up a system to track your expenses from day one. It could be as simple as a dedicated folder in your email for receipts or as fancy as accounting software. The key is consistency.

04

Work With a Pro

A good tax pro is worth their weight in gold (or tax savings). They can help you identify credits and deductions you might have missed and keep you updated on changes that affect your business.

02

Make It a Habit

Set aside a little time each week to update your records. It's way easier to remember what that \$47.52 charge was for last Tuesday than three months from now.

05

Plan Ahead

Some tax benefits require action before the tax year ends. Make a habit of reviewing your tax situation a few months before year-end. This gives you time to make strategic moves to maximize your benefits.

03

Look Out For Changes

Tax laws can change faster than fashion trends. Make it a point to skim tax news once in a while, or follow a tax professional on social media for updates.

06

Don't be Shy

If you're not sure whether something is deductible, ask! It's better to ask your tax pro a "silly" question than to miss out on savings.

THE BOTTOM LINE

Ultimately, staying on top of your taxes isn't just about saving money (though that's a big plus). It's about giving yourself peace of mind and keeping your business running smoothly. You've got enough on your plate running your business – let's make taxes one less thing to stress about.

Now, let's dive into the specific credits and deductions that could save your business some serious cash.

9 SMB Tax Credits



1. Health Care Tax Credit

- For businesses with fewer than 25 full-time equivalent employees
- Up to 50% of premiums paid for employee health insurance (35% for non-profits)



2. Work Opportunity Tax Credit (WOTC)

- For hiring individuals from certain target groups facing employment barriers
- Up to 40% of first \$6,000 of wages paid to eligible employees



3. Green Energy Incentives

- Investment Tax Credit (ITC) for solar systems
- Production Tax Credit (PTC) for energy generation



4. Retirement Plan Tax Credits

- For small businesses starting employee retirement plans
- Up to 100% of startup costs for businesses with 50 or fewer employees



5. Research and Development (R&D) Tax Credit

- For businesses developing new products, processes, or software
- Up to 16 cents for every dollar spent on qualifying R&D
- [More details here](#)



6. Employer Credit for Paid Family & Medical Leave

- For businesses voluntarily providing paid family and medical leave
- Between 12.5% and 25% of paid wages to eligible employees on leave



7. Investment Tax Credits

- Various credits for renewable energy investments
- Includes reforestation, historic building rehabilitation, and solar energy



8. Disabled Access Tax Credit

- For small businesses making facilities more accessible
- 50% of qualified costs up to \$10,250



9. Credit for Employer-Provided Childcare Facilities & Services

- For businesses providing childcare facilities or services
- 25% of costs for facilities, 10% for childcare resources and referrals



10. Employer Differential Wage Payments

- Employee wage payments made to a qualified employee while the employee is serving in the U.S. military on active duty for a period of more than 30 days.

40 Tax Deductions



1. Home Office Deduction

- For business use of home space
- Based on percentage of home used exclusively for business



2. Vehicle Expenses

- For business use of vehicle
- Can use standard mileage rate or actual expense method



3. Depreciation (Section 179)

- For purchasing business equipment or property
- Allows accelerated depreciation of certain assets



4. Travel Expenses

- For business-related travel
- Includes transportation, lodging, and meals



5. Advertising and Marketing Expenses

- For promoting your business
- Includes online ads, print materials, and promotional items



6. Office Supplies & Equipment

- For items used in daily business operations
- Includes computers, furniture, and standard office supplies



7. Professional Services Fees

- For hiring professionals like lawyers, accountants, or consultants
- Fully deductible when directly related to business



8. Employee Salaries & Benefits

- For employee wages, bonuses, and benefits
- Includes contributions to retirement plans and health insurance



9. Rent or Lease Payments

- For renting office space or equipment
- Fully deductible if used entirely for business



10. Insurance Premiums

- For business-related insurance policies
- Includes liability insurance, property insurance, and workers' compensation



11. Utilities

- For business-related utility expenses
- Includes electricity, water, gas, internet, and phone services



12. Business Meals

- For meals with clients or during business travel
- Generally 50% deductible, with some exceptions

40 Tax Deductions



13. Education and Training

- For improving skills related to your business
- Includes courses, seminars, and educational materials



14. Bank and Credit Card Fees

- For fees related to business accounts
- Includes monthly service charges and transaction fees



15. Interest on Business Loans

- For interest paid on business loans or credit lines
- Fully deductible when loan is used for business purposes



16. Charitable Contributions

- For donations made by the business to qualified organizations
- Rules vary based on business structure



17. Startup Costs

- For expenses incurred before the business begins operating
- Deduct up to \$5,000 in the first year



18. Cost of Goods Sold

- For businesses that produce or purchase goods for resale
- Includes direct costs of products sold



19. Self-Employment Tax Deduction

- For self-employed individuals
- Can deduct 50% of self-employment tax paid



20. Health Insurance Premiums

- For self-employed individuals paying their own health insurance
- Fully deductible if certain conditions are met



21. Independent Contractor Fees

- For payments to freelancers and independent contractors
- Fully deductible, but requires proper documentation (1099 forms)



22. Employee Gifts

- For gifts given to employees
- Limited to \$25 per employee per year



23. Memberships & Subscriptions

- For professional memberships and subscriptions related to your business
- Fully deductible if necessary for business operations



24. Shipping and Postage Costs

- For business-related shipping and mailing expenses
- Fully deductible when used for business purposes

40 Tax Deductions



25. Software Subscriptions

- For software used in business operations
- Fully deductible, including both purchased and subscription-based software



30. Cell Phone Expenses

- For business use of cell phones
- Deductible based on percentage of business use



26. Taxes and Licenses

- For business taxes and licensing fees
- Includes payroll taxes, sales taxes, and business licenses



31. Merchant Processing Fees

- For fees charged by payment processors (e.g., PayPal, Square)
- Fully deductible as a business expense



27. Employee Retirement Plan Contributions

- For contributions to employee retirement plans
- Deductible for the business, with limits based on plan type



32. Business Tax Preparation

- For costs associated with preparing and filing business taxes
- Fully deductible as a business expense



28. Legal and Professional Fees

- For legal, accounting, and other professional services
- Fully deductible when related to business operations



33. Retirement Pension Contributions

- For contributions to business owner's retirement plans
- Deductible with limits based on plan type and income



29. Repairs and Maintenance

- For keeping business property in good condition
- Fully deductible if it doesn't add value to the property



34. Health Savings Account Contributions

- For contributions to HSAs for self-employed individuals
- Fully deductible within annual limits

40 Tax Deductions



35. Augusta Rule (Section 280A)

- For renting your personal residence to your business
- Tax-free income up to 14 days per year



38. Bad Debts

- For uncollectible debts from customers or clients
- Deductible if previously included in income



36. Parking and Tolls

- For business-related parking fees and tolls
- Fully deductible when incurred for business purposes



39. Uniform Expenses

- For purchasing and maintaining work uniforms
- Deductible if required for work and not suitable for everyday wear



37. Moving Expenses (for businesses)

- For costs associated with relocating your business
- Deductible if directly related to business operations



40. Research and Experimental Costs

- For research and development activities
- Can be deducted or amortized over time

Ready to Work With the Experts?

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We make small business finances **stress-free** so founders can focus on building great companies.

Small business is the backbone of our economy, driving job creation, innovation, and community development. Yet, many founders face significant stress due to poor financial management—the leading cause of business failure. We're here to change that.

Hiline is transforming the outdated financial services industry. We're creating something dynamic and beneficial at the core of U.S. business health. With finances in capable hands, small business owners can focus on what they do best.

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