

Small Business Owners: Get
all the tax benefits you
deserve



Agenda

- Business Expenses/Deductions
- Depreciation
- Business Tax Credits
- American Taxpayer Relief Act updates
- Earned Income Tax Credit
- & more resources for you and your business....

Business Expenses

- Ordinary & necessary
- Separate business expenses from:
 - Cost of Goods Sold
 - Capital expenses
 - Personal expenses

Business Expenses

- Other types of business expenses
 - Employees' pay
 - Retirement plans
 - Rent expense
 - Interest
 - Other Taxes
 - Insurance

Business Depreciation Deduction

- Allowance for wear and tear of property
 - Tangible property (except land)
 - Intangible property
- Main requirements
 - You must own property/make lease capital improvements
 - Useful life of more than one-year
- Other requirements
- Must determine cost recovery method

Home Office Deduction

- New Simplified Option starting in 2013.
 - Capped at \$1,500 per year
 - Based on \$5 a square foot for up to 300 square feet
 - Claim on Schedule C

Home Office Video

Small Business Health Credit

- If you are a small employer,
 - fewer than 25 full-time equivalent employees
 - pay an average wage of less than \$50,000 a year, and
 - pay at least half the employee health insurance premiums
- Helps with cost of covering employees
- Up to 35% for small business employers & 25% for tax-exempt employers

Small Business Health Credit Video

VOW/WOTC

- Businesses up to \$9,600 credit & Tax-exempt organizations up to \$6,240
- Factors include:
 - the length of the veteran's unemployment before hire,
 - hours a veteran works, and
 - the amount of first-year wages paid
- File form 8850 with State
- Claim on federal income tax return with Form 5884 or 5884C

General Business Credit

Most business credits are summarized as a general business credit.

- Your general business credit for the year consists of :
 - carry forward of business credits from prior years
 - plus the total of your current year business credits
- May be increased by the carry back of business credits from later years
- The credit is subtracted directly from your tax
- Use Form 3800 & Form 3468
- Listing of credits – see [irs.gov](https://www.irs.gov)

American Taxpayer Relief Act

ATRA Business Tax Provisions	Expired On	Extension Period
50% bonus depreciation	12/31/12	2013
50% bonus depreciation for certain long-lived and transportation property	12/31/13	2014
Election to accelerate minimum tax in lieu of bonus depreciation	12/31/12	2013

American Taxpayer Relief Act

ATRA Business Tax Provisions	Expired On	Extension Period
15-year straight line cost recovery for certain items	12/31/11	2012 and 2013
Increased expensing limitations and treatment of certain real property as Section 179 property	12/31/11	2012 and 2013
Shorten from 10-year to five-year built-in gain recognition period for S corporations	12/31/11	2012 and 2013

Earned Income Tax Credit

- Refundable Credit
- Must meet certain requirements and file a tax return.
- Must have earned income from employment, self-employment or another source and meet certain rules.
- Also must either meet the additional rules for workers without a qualifying child or have a child that meets all the qualifying child rules.

Earned Income Credit Video

Resources

- Publication 535, Business Expenses
- Publication 334, Tax Guide for Small Business
- Publication 538, Accounting Periods and Methods
- Form 4562, Depreciation
- Publication 946, How to Depreciate Property

Resources (cont.)

- Publication 587, Business Use of Home
- Form 8829, Expenses for Business Use of Your Home
- Form 3800, General Business Credit
- Form 3468, Investment Credit
- EITC Assistant
- Virtual Small Business Tax Workshop

Questions

- To Ask A Question
- Click the “Ask Question” link
- Type question in the text box
- Select “Submit”
- To remind you of our Question guidelines for this event:
 - Ask only about general topics covered in this webinar
 - Please, do not ask about any specific case-related issues and don’t send any sensitive or identifying information