

# KEY EXPENSES

## AUTO TRAVEL:

Your auto expense is based on the number of qualified business miles you drive. Expenses for travel between business locations or daily transportation expenses between your residence and temporary work locations are deductible; include them as business miles. Expenses for your trips between home and work each day, or between home and one or more regular places of work, are COMMUTING expenses and are NOT deductible.

Document business miles in a record book as follows: (1) give the date and business purpose of each trip; (2) note the place to which you traveled; (3) record the number of business miles; and (4) record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses – gas, oil, repairs, insurance, etc. – and of any reimbursement you received for your expenses.

## OUT-OF-TOWN TRAVEL:

Expenses incurred when traveling away from "home" overnight on job-related and continuing education trips that were not reimbursed or reimbursable by your employer are deductible. Your "home" is generally considered to be the entire city or general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips and miscellaneous items like laundry, valet, etc.

Document away-from-home expenses by noting the date, destination and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses – lodging, public transportation, meals, etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information timely in a diary. You must keep track of the full amount of meal and entertainment expenses even though only a portion of the amount may be deductible.

## PROFESSIONAL FEES & DUES:

Dues paid to professional societies related to your profession are deductible. These could include professional organizations, business leagues, trade associations, chambers of commerce, boards of trade and civic organizations. However, dues paid for memberships in clubs organized for business, pleasure, recreation or other social purpose are not deductible. These could include country clubs, golf and athletic clubs, airline clubs, hotel clubs and luncheon clubs.

## CONTINUING EDUCATION:

Educational expenses are deductible under either of two conditions: (1) your employer requires the education in order for you to keep your job or rate of pay; or (2) the education maintains or improves your skills as a sales representative. Costs of courses that are taken to meet the minimum requirements of a job, or that qualify you for a new trade or business, are NOT deductible.

## EQUIPMENT PURCHASES:

Record separately items having a useful life of more than one year. Normally, the costs of such assets are reported differently on your tax return than are other recurring, everyday business expenses such as business cards or office supplies.

## COMMUNICATION EXPENSES:

The basic local telephone service costs of the first telephone line provided in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs (basic fee and toll calls) of a second line in your home are also deductible, if the line is used exclusively for business.

When communication equipment, such as a cell phone, is used part for business and part personally the cost of the equipment must be allocated to deductible business use and non-deductible personal use. Keep your bills for cellular phone use and mark all business calls.

## SUPPLIES & EXPENSES:

Generally, to be deductible, items must be ordinary and necessary to your real estate profession and not reimbursable by your employer.

## MISCELLANEOUS EXPENSES:

Expenses of looking for new employment in your present line of work are deductible – you do not have to actually obtain a new job in order to deduct the expenses. Out-of-town job-seeking expenses are deductible only if the primary purpose of the trip is job seeking, not pursuing personal activities.



Occupational Series



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# INTRODUCTION

In order to deduct expenses in your trade or business, you must show that the expenses are "ordinary and necessary." An ordinary expense is one that is customary in your particular line of work. A necessary expense is one that is appropriate but not necessarily essential in your business. The application of these terms to you relies heavily on the "facts and circumstances" of your unique situation.

**IMPORTANT** – For Federal purposes, the expenses included in this brochure are no longer deductible after 2017 and generally through 2025 as a result of tax reform (TCJA). However, not all states conformed to TCJA and these items may still be deductible on your state tax return.

## PROFESSIONAL FEES & DUES:

Association Dues	
License	
Union Dues	
Other: _____	
Other: _____	

## OUT-OF-TOWN TRAVEL:

Airfare	
Bridge & Highway Tolls	
Bus & Subway	
Car Rental	
Laundry	
Lodging (do not combine with meals)	
Meals (do not combine with lodging)	
Parking	
Porter, Bell Captain	
Taxi, Uber, Lyft & similar	
Telephone	
Train	
Other: _____	

## COMMUNICATION EXPENSES:

Cellular Calls	
Fax Transmissions	
Paging Service	
Phone Card	
Toll Calls	
Internet Access	
Other: _____	

## CONTINUING EDUCATION:

Correspondence Course Fees	
Course Registration	
Materials & Supplies	
Photocopy Expenses	
Reference Materials	
Seminar Fees	
Textbooks	
Other: _____	
Other: _____	

## EQUIPMENT PURCHASES:

Answering Machine	
Calculator	
Copy Machine, Printer	
Fax Machine	
Pager	
Telephone	
Other: _____	
Other: _____	
Other: _____	

## AUTO TRAVEL:

Between Jobs or Job Locations (mi)	
Client Meetings (mi)	
Continuing Education (mi)	
Job Seeking (mi)	
Out-of-Town Business Trips (mi)	
Purchasing Job Supplies & Materials (mi)	
Professional Society Meetings (mi)	
Parking Fees (\$)	
Tolls (\$)	
Other: _____	

## SUPPLIES & EXPENSES:

Advertising	
Bank Charges	
Bookkeeping	
Business Meals (Enter 100% of expense)	
Business Cards	
Clerical Service	
Computer Software	
Computer Supplies	
Customer Lists	
Entertainment (Enter 100% of expense)	
Equipment Repair	
Fax Supplies	
Gifts (max. \$25 per person per year)	
Greeting Cards	
Legal & Professional Services	
Office Expenses	
Photocopy & Printing Expenses	
Postage	
Rent	
Shipping	
Trade Publications & Map Book	
Other: _____	
Other: _____	

## MISCELLANEOUS EXPENSES:

Liability Insurance - Business	
Subscriptions	
Professional Subscriptions	
Resumé	
Other: _____	
Other: _____	