

A photograph of a woman with long, wavy brown hair, smiling warmly at the camera. She is wearing a grey and white patterned blazer and large gold hoop earrings. Her hands are clasped together in front of her, showing several rings and a tattoo on her left hand. The background is a blurred outdoor setting with green foliage and a wooden fence.

Run the Numbers: A Business Owner's Guide To Optimizing Tax Deductions

Smart strategies to maximize deductions
and protect your bottom line

In collaboration
with Business Coach
Jereshia Hawk



A note from Jereshia Hawk

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A strong tax strategy is important for every entrepreneur – and that’s especially true for those of you building service-based businesses, because for you the stakes are even higher. Your tax decisions affect both your business and your personal finances, making every choice count.

Part of setting yourself (and your business) up to thrive each tax season is staying organized and maximizing your deductions without crossing any gray areas with the IRS. I partnered with TurboTax to help you do exactly that.

Read on for guidance on maximizing your business deductions – plus potential tax strategies to discuss with your tax expert.

Let’s talk business deductions

Everyone loves a tax write-off, but it’s important to follow the IRS guidelines to keep yourself out of hot water (and potentially avoid an audit). Here’s how to claim some of the key deductions you might be entitled to. Read on for guidance on maximizing your business deductions – plus, potential tax strategies to discuss with your tax expert.



Exclusive business expenses

Every business has overhead, and the basic costs of running your business, like materials and labor, can help reduce the amount of tax you owe.

Unless otherwise indicated, you can probably deduct 100% of the cost of these expenses.

Deduction	What doesn't count?	Documents you'll need
Labor costs (employees) & subcontractors	Pay for people who are not actually working for your business or exorbitant pay well above market rates	Payroll records, W-2s and/or 1099 forms, timesheets
Real estate costs, including rent, mortgage interest & property tax (excluding home office)	Real estate that's also for personal use. Got a home office? We cover that below!	Lease agreements, mortgage statements, property tax records, Form 1098
Advertising & marketing costs	Costs to boost your personal posts/profiles not related to your business	Ad invoices, contracts, campaign records
Legal & professional fees	Fees incurred for personal use (e.g., legal fees for a personal legal matter)	Invoices, receipts
Office supplies, furniture & equipment	Personal items or decor in your office, furniture or decor in living areas of your home	Invoices, receipts, depreciation schedules
Business insurance	Costs for personal insurance	Policy documents, invoices
Startup costs (costs incurred before starting business operations)	Costs incurred after your business begins operations	Invoices, receipts, incorporation documents

(Deduct up to \$5,000 in startup costs and \$5,000 in organization costs in your first year of operation, as long as your total startup costs are less than \$50,000.)

Home office expenses

If you work from home, you may be able to claim home office deductions. But there's a catch: You can only calculate the business portion of your housing expenses.

What percentage of your housing expenses can you deduct?

Most of the time, deductions are based on how much of your home is regularly and exclusively for business (e.g., a home office). Alas, your living room doesn't count, even if you sometimes work on the couch.

Percentage of deductible housing expense

It's calculated using the following equation:

$$[\text{Office square footage}] / [\text{Home square footage}] \times 100\% = \text{home office allocation percentage}$$

Example: You own a 900-sq ft condo with a 90-sq ft office. Your office is 10% of your home's total square footage. That means you can generally allocate 10% of your housing expenses to your home office.

Unless otherwise indicated, use your home office allocation percentage to calculate the appropriate deductions.

Deduction	Documents you'll need
Rent, mortgage interest	Lease, rent receipts or Mortgage Interest Statement, allocation calculations
Property tax	Mortgage Interest Statement or property tax bill, allocation calculation
Utilities (heat, electricity)	Utility bills, allocation calculations
Internet	Internet bills, allocation calculations

If you work from home, you can likely deduct a proportion of your internet, up to 50-80%. Just be prepared to explain your calculations (e.g., percentage of time used, percentage of data or bandwidth used).



Want to skip the math?

You can also skip cataloging your office deductions and claim the simplified office deduction: \$5 for each square foot of your home, up to a max of 300 sq ft.

Tip to optimize your return:

Calculate your home office deduction both ways, then deduct the larger of the two.

Other potential expenses

The previous sections above probably cover most of your business expenses. But there are a few odds and ends that could count as business deductions in some situations.

Like with your home office, it's important to keep in mind how much of each cost went to the business and how much was for personal use. Sometimes the lines can be blurry, so check the details below for help.

Deduction	What counts?	What doesn't?	Documents you'll need
Gas, vehicle maintenance, insurance	Mileage for business travel	Mileage for personal use – including commuting	Invoices, receipts, insurance documents or mileage logs (for standard mileage rate)
Flights, hotel bookings, car rentals	Business travel (e.g., conferences, client meetings)	Personal vacations with only minor business activity	Receipts, itinerary, purpose notes
Meals	50% of the meal costs for client meetings	Solo meals, even while traveling	Itemized receipts, notes on attendees and business purpose
Business and personal tech (e.g., laptops, cameras)	The percentage allocated for business use	Costs associated with personal use	Invoices, receipts, notes on business use
Clothes	Uniforms and costumes required for work	Any clothes you could wear outside of work	Purchase receipts, photos of purchase of uniforms and costumes
Makeup, hair maintenance, beauty treatments	Stage makeup or hairpieces used for a specific paid shoot	Any costs for products or treatments that can be used outside of work	Purchase receipts, contracts or documents demonstrating business purpose, photos of completed looks



What about expenses that are “sort of for work?”

Not sure if your travel counts as business or personal? Ask your tax expert before you deduct it. Claiming 100% business use – or deducting regular travel and meals – without proper documentation could trigger an audit.



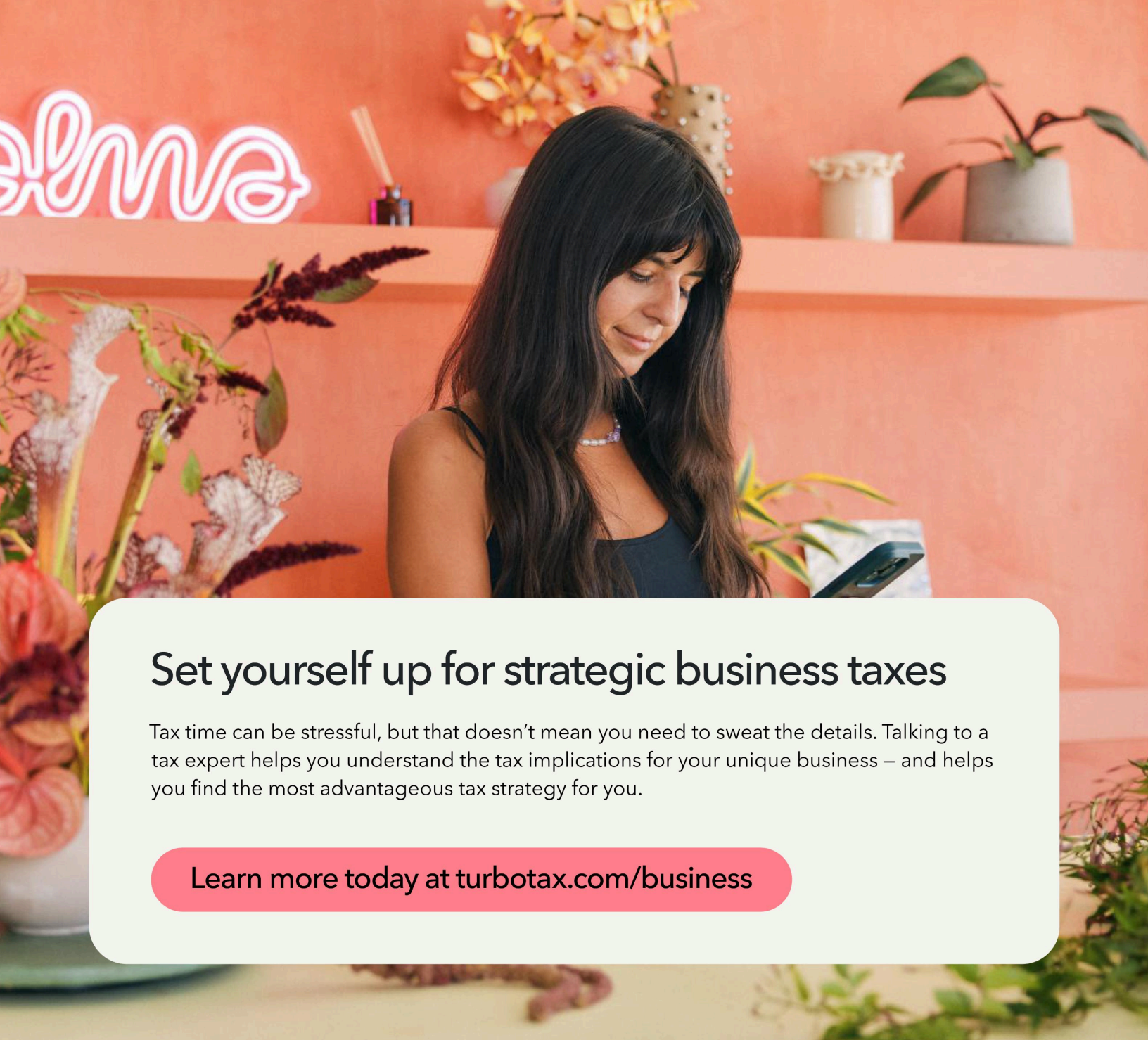
How do I know my business mileage?

Moving forward, keep a weekly or daily log of when and where you drive for work (on pen and paper or in a notes app). That way, you won't need to guesstimate on your tax return. You'll have records to back up your claims.

Advanced tax strategies to discuss with your tax expert

Interested in more in-depth optimizations? Ask your tax expert if these specialized strategies might apply to you and your business.

Strategy	Who it's for	Possible tax benefit	What to ask your tax pro
S corp election	Solopreneurs generating meaningful profit	May reduce self-employment taxes by splitting your income between salary and distributions	Receipts and invoices, insurance documents or At my income level, would an S corp election save me money?
Qualified Business Income deduction	Many pass-through businesses, including solopreneurs	May allow you to deduct up to 20% of qualified business income	Do I qualify for the QBI deduction? Are there income limits or other restrictions I should know about?
Augusta Rule	Business owners who use their home for meetings or company events	You may be able to collect tax-free rental income for up to 14 days per year	Can I use the Augusta Rule for meetings held at my home?
State tax strategies	Business owners operating in multiple states (or considering relocation)	May lower state tax exposure and help anticipate filing obligations	Are there state tax rules or residency strategies I should consider for my business?
Solo 401(k) maximization	Solopreneurs with no full-time employees (other than a spouse)	Higher contribution limits and more flexibility than most other retirement plans	What would help me shelter more income: a Solo 401(k) or a SEP IRA?



Set yourself up for strategic business taxes

Tax time can be stressful, but that doesn't mean you need to sweat the details. Talking to a tax expert helps you understand the tax implications for your unique business – and helps you find the most advantageous tax strategy for you.

Learn more today at turbotax.com/business



About Jereshia Hawk

Jereshia Hawk is a Strategic Advisor and Business Coach. She is known as the "Millionaire Maker" for her expertise in helping high-earning CEOs scale with intention and precision. She built a seven-figure net worth solely from business profits, creating a life of freedom without sacrificing what matters most. After a planned sabbatical, where she navigated personal challenges and re-engineered her business, she now guides leaders to scale smarter, not harder. Featured in *Essence*, *Forbes*, and *Business Insider*, Jereshia helps CEOs streamline operations, refine their focus, and build businesses that work for them, not the other way around.