

## Small & Medium Enterprises Tax Deductions Summary

**Accounting** – bookkeeping, tax preparation and management advice

**Advertising & Promotion** – trade show booths, business cards, signs, advertisements and promotional items

**Bad Debt** – uncollectible money such as NSF cheques, uncollectible receivables

**Business or Property Tax** some municipalities charge a business or commercial tax on top of your property tax

**Convention Expense** room, meals, tips, note books, pens, all expenses you can relate to the convention

**Deliver & Freight** orders shipped C.O.D. and orders you send

**Insurance** – business, liability, private health plans & other

**Int. & Bank Charges** – loan interest, Visa interest for purchasing products, money orders or certified cheques, traveler's cheques and monthly service charges.

**Leases & rentals** – used for business purposes leases & rentals of equipment, buildings, vehicles

**Licenses, Dues, Fees** – Business Tax, Fees, Licenses, Dues, Memberships, and Subscriptions

**Maintenance & Repairs** – Maintenance and Repairs related to the business

**Management & Admin Fees** – management & administration fees incurred to operate your business such as bank charges.

**Meals & Entertainment** – coffee, lunches, (print name & purpose on back) dinner at your home or open house expense.

**Private Health Service Plans** – medical health insurance premiums for those who are primarily self employed are deductible

**Purchases** – materials and items purchased for resale are expensed at cost and are usually part of your cost of sales (net of returns, allowances).

**Office Expense** – postage, special delivery, letter head, paper supplies, envelopes, pencils, pens, long distance telephone charges (unless you have a business telephone), car telephone charges. Office equipment, furniture and fixtures can be claim as depreciation expense.

**Sub Contracts** – you can engage an independent business to perform subcontract work.

**Professional Fees** – legal, accounting, consultants and other professional fees.

**Rent** – for office, store, warehouse, shop, production facility or other business related space

**Salaries, Wages & Benefits** – salaries, wages, & benefits (including employer's contributions) to persons working in the business are deductible

**Telephone & Utilities** – Telephone, Communication cost & Utilities that relate to the operation of your business are deductible

**Travel Expenses** – plane, train, bus, hotel, motel, other trip expenses

**Other Expense** – ales aids, workshops, safety equipment. In general terms as long as the expense relates to the business it may qualify as a deduction.

**Home Office Expense**– if one room in your home used for the office you may be allow a claim for a percentage of the heat, hydro, mortgage interest, rent, property taxes, repairs & maintenance, insurance, water & sewer, hot water tank rental, ect.

**Vehicle expense** – The percentage that is the business portion of the total automobile expense may be claimed. It is recommended that you should keep a log book of your kilometres to back up your claim.

**Depreciation & Amortization** – any equipment, machines, tools, buildings, vehicles, furniture or fixtures may be depreciated and used as amortization or depreciation expense. This also may include non tangible item such as goodwill, quota purchased etc. Also you may take existing asset you own that you plan to use for the business and roll them into the business at fair market value and claim depreciation expenses on them.

*We provide bookkeeping, accounting, business & financial advisory services to small and medium enterprises which also includes personal and corporate tax preparations.*

# Henry J Bruyns & Associates

Accounting & Tax Professionals

33 Main St. S., Hagersville, On N0A 1H0

Telephone 905-768-0807 Fax (905) 768-1378 Email [office@bruynsaccounting.com](mailto:office@bruynsaccounting.com)

## Tax Deductions Summary for Small & Medium Enterprises

### Home Office Expense Example

|                       |       |
|-----------------------|-------|
| Heat                  | 1,200 |
| Hydro                 | 1,400 |
| Insurance             | 500   |
| Interest on Mortgage  | 5,000 |
| Property Tax/Rent     | 1,800 |
| Repairs & Maintenance | 500   |
| Water/Sewer           | 100   |
| Other Expense         | -     |
| Water heater rental   | 300   |

### Vehicle Expense Example

|                               |        |
|-------------------------------|--------|
| Gas & Oil                     | 6,000  |
| Repairs & Maintenance         | 1,200  |
| Insurance                     | 1,000  |
| License & Registration        | 74     |
| Lease on Vehicle              | -      |
| Interest on Vehicle Loan      | 301    |
| Car Washes                    | 200    |
| Parking                       | 50     |
| Other - Tolls, CCA Membership | 50     |
| Depreciation on Vehicle       | 2,500  |
|                               | 11,375 |

|                  |     |        |
|------------------|-----|--------|
| Personal Portion | 85% | 9,180  |
| Business Portion | 15% | 1,620  |
|                  |     | 10,800 |

|                  |     |       |
|------------------|-----|-------|
| Personal Portion | 20% | 2,275 |
| Business Portion | 80% | 9,100 |

11375

The percentage that is the business portion of the total automobile expense may be claimed. It is recommended that you keep a log book of auto travel to back your claim.

Please make sure all invoices and receipts clearly describe what it is, and the HST/GST amounts are broken out or Canada Revenue may not accept invoice or receipts amounts.

*We provide bookkeeping, accounting, business & financial advisory services to small and medium enterprises which also includes personal and corporate tax preparations.*