



THE COACHES AND CONSULTANTS CHECKLIST TO SMALL BUSINESS TAXES

*"Money won't create success, the freedom
to make it and keep it will." - Nelson Mandela*

HELPING COACHES AND CONSULTANTS
MAKE AND SAVE MORE MONEY

As a Coach or Consultant, it's common to purchase work-related items and pay for them yourself. These out-of-pocket expenses are often valid tax deductions for Coaches and Consultants and claimable on your next tax return.

Common tax deductions for Business & Marketing Coaches

While each individual is different, the items below are usually classified as tax deductions for business coaches and consultants. Remember, you'll need to keep receipts and documentation for any expenses you claim.

- **Memberships and union fees:** If you pay a membership fee to a business association or if you pay dues to a union, you can claim these costs.
- **Stationery:** This includes planners, logbooks, workbooks, easels, office supplies, printing, writing tools, etc.
- **Computer/Laptop:** If you have to use your personal computer or laptop for work, you can claim depreciation costs for these items (based on a percentage of legitimate work-related use).
- **Mobile phone:** You can claim a [percentage of your mobile phone](#) bill if you use your mobile for work-related phone calls.
- **Subscriptions:** Subscriptions to industry blogs and podcasts, finance magazines, books and journals used to keep your knowledge current, MS office, Acuity, Schedule One and other calendar subscriptions are all claimable.
- **Home office expenses:** You can claim a percentage of costs such as internet and phone, utilities, repairs and maintenance, rent/mortgage, real estate taxes, home insurance and more if you work [from home](#).
- **Payment processors:** Fees that you pay to process client payments through Stripe, PayPal, Square, Cash App, QuickBooks, etc.
- **Training, conferences, seminars:** Fees you pay to a business coach or for industry-specific training.
- **Software:** You can claim a deduction for any software that you use to run your business ie; Mail chimp, ClickFunnels, Accuity or Calendly Scheduling, etc.

Coaches and Consultants May Also Deduct Expenses for:

- Vehicle expenses such as tolls, parking, maintenance, fuel, registration fees, tires, car insurance, public and private transportation costs
- Flat-rate taxes
- Business Travel expenses: Travel by airplane, train, bus or car, meals & lodging, dry cleaning and laundry, shipping of baggage, fax/printing, and any tips you pay for services related to any of these expenses
- Licenses and regulatory fees, Limited Liability Annual Statement, etc.
- Electronic devices, if only used for work
- Contract labor such as a Virtual Assistant, Social Media Manager, or Fiverr

If you've been reimbursed, don't claim it.

Coaches, Consultants, and Freelancers under authority are sometimes reimbursed for costs. And if this is the case for you, you can't claim the expense as a tax deduction. Remember, legitimate IRS tax deductions for Coaches and Consultants only include expenses you've paid for yourself where you haven't received a reimbursement.

5 Tips to Maximize your Business Profits

1. Look closely at your sales cycle.

It is completely normal for your business to fluctuate through busy and slow seasons over the course of a year. If your business has a slow season you will want to pay extra close attention to your expenses at that time.

Use your downtime to ramp up your marketing efforts to prevent **profit generation from screeching to a halt**. Slower seasons are a great time to revisit your marketing and customer acquisition plan to determine how to market to your customers in new and creative ways.

Another tip to consider is to have extra money in your bank during the offseason. Whether you do that by putting 10% of your money aside for savings or cutting down on expenses during this time, it's important to have some wiggle room while your business is slow.

2. Don't mix business and personal expenses.

There are so many reasons not to mix your business and personal accounts, including tax issues, personal liability, and jumbled accounting records, just to name a few. When things get tight, **resist the urge** to secure your business finances with personal funds because it will surely create a mess you will have to deal with later on.

The best way to maintain a clear separation of your expenses is to set a personal budget and a business budget. Adhere to them strictly and separately so that credit cards and loans for your business don't get used for your personal finances and vice versa. Accountants like myself will thank you for not double-dipping when it comes time to manage your books and pay your taxes.

3. Don't slack on invoicing.

Send out invoices immediately after providing goods or services. Set payment terms of seven days to make sure that payments are not forgotten or lost in the process. **Always follow up on sent invoices.** You can make this easy by creating payment reminders through set templates for email or SMS. Some popular invoicing and payment processing systems include; Aynax.com, And.co, Squareup.com, Quickbooks Online, Dubsado.

4. Do you have customers that didn't pay up this year?

I know, I know, there is nothing more annoying than providing a service for someone that decides to skip out on payment. You know the saying, "no good deed goes unpunished." Yea, I believe that's complete BS too! So let's get your money back!!

Document your bad debt

To take a tax deduction for bad debt, you must show that you had a legal debt and you cannot collect on it. Be sure to keep track of the following information:

- **Note or agreement proving you had a legal, enforceable debt.** You don't need mountains of legal paperwork, but you will need to have at least one document showing there was an understanding with the borrower that you were to be repaid. Otherwise, it will be determined that you made a nondeductible gift. An oral agreement may be permissible, but a written one is always better.
- **Name of the debtor.** Be sure to include his or her business information or relationship to you.
- **Records showing your basis in the debt.** Keep a record of the amount of money you loaned. You can't take a bad debt deduction for money you never received, such as uncollected alimony.
- **Documentation showing you tried to collect on the debt.** Any letters, emails, and notes from phone calls are examples of documentation that will work.
- **Additional documentation indicating why the debt is worthless.** For example, if the borrower went bankrupt, you'll want to keep that documentation. You can only deduct debts if they are totally worthless.

5. Keep track of personal loans to your business from your full or part-time income

Keep accurate records of what you loan to your business. When your business starts making money, you can easily pay back the director's loan first before paying tax on the remaining profit.

Maintaining Good Records

Coaches, Consultants, and Freelance tax deductions are a great way to help reduce your tax bill, but you do need to substantiate these expenses. Here are some suggestions to help you stay organized throughout the year:

- Keep a file to sort receipts by month or by the trip. Don't just put all your receipts into a folder and expect to sort them out in January. Spend a few minutes each week organizing your information to be ready at tax season.
- Store logbooks in the Cloud and on a hard drive. Dropbox and Google Drive are just two secure places to store your information.
- Use an app to maintain receipts, trip information and mileage or make notes on each receipt to help you stay organized in case your filing system becomes messy.



A **HANDY CHECKLIST** FOR COACHES, CONSULTANTS, FREELANCERS TO HELP YOU COLLECT TOGETHER ALL THE RECEIPTS, TAX INVOICES AND SUPPORTING DOCUMENTS YOU'LL NEED TO DO YOUR TAX RETURN.

INCOME

- W2's
- 1099s
- Pensions or government payments/allowances
- Interest earned for the relevant year from your banks, building societies etc.
- Dividend statements
- Details of rental property income
- Details of any business income
- Details of any other income earned

OTHER EXPENSES & RECORDS

- Travel expenses (flights, taxis, train and bus fares for training courses, trade fairs etc.)
- Accommodation/Food costs while working away from home
- Phone costs (for work usage)
- Work percentage of computer/laptop expenses (Lease or purchase)
- Work percentage of internet costs
- Home office running expenses
- Work-related self-education expenses

- Income protection insurance premiums (paid outside of Superannuation)
- Rental property expenses (eg: rates, property management fees, agent fees, interest on loan, repairs and maintenance, water rates, depreciation schedule)
- Investment expenses (For example; bank fees, financial advisor fees, investment borrowings etc.)
- Records of sales and purchases of any shares, business or property
- Private health insurance details
- Spouse details
- Children's details including D.O.B and Social Security Numbers
- Details of any government debts (Child support, etc.)
- Charity donations



Want a **FREE 2 Year-Tax Review** to make sure all of these deductions and credits were applied?

Book your free STRATEGY call with me today!

Go To: [Merritt Financial Services Calendar](#)

My name is Dasia Merritt, and I help Coaches and Consultants structure their finances to pay close to \$0 in Federal Taxes and increase their business profits within 30 days.

Coaches are saving \$6K immediately, increasing their revenue by 10% of gross sales between \$5K-\$20K, and saving time through automation of accounting software. Book your free tax and bookkeeping strategy session today.

Please note: Not all coaches, consultants or freelancers will be able to claim all the items listed or pay \$0 in Federal Tax. For advice tailored to your own circumstances, talk to me via phone or email.