

## BUSINESS EXPENSES

## INCOME TAX PURPOSES



## BUSINESS EXPENSES

For the Purpose of Personal Income Tax – Proprietor or Partnership

### BUSINESS EXPENSES

Here is a general list of expenses – categories pertaining to business activities, for which you should gather and summarize receipts.

Expenses can include:

- Cost of Goods Sold: Packaging, Supplies, small tools, etc.
- Advertising
- Meals & Entertainment
- Insurance
- Interest/Bank fees
- Business taxes, licenses and membership fees
- Office Expenses and Supplies
- Legal, Accounting or other Professional Fees (including Professional Development)
- Rent
- Repairs & Maintenance
- Salaries, Wages and Benefits for Employees
- Travel Expenses
- Telephone, Internet and Utilities (direct)
- Delivery and Freight
- Improve Ventilation and Air Quality
- Other Business Expenses

### MOTOR VEHICLE EXPENSES

The allowable deduction is limited to the amount you use the vehicle for business purposes. You are expected to keep a kilometer log of business and personal usage each year. Use a vehicle log book or there are several smart phone apps available which automate these calculations.

- Is the vehicle leased or owned? Deductions vary based on this factor
- Approximate % of use of the vehicle for business purposes and approximate km driven during the year if you don't have the log.

Expenses can include:

- Fuel
- Insurance
- Interest Expense
- License and Registration
- Maintenance and Repairs
- Business Parking Fees
- Leasing Costs

### BUSINESS USE-OF-HOME

The deduction of these expenses is limited in a couple of ways:

1. They are only deductible if you use your home as the location you do business, either meeting with clients or conducting business which you charge monies for. ***There are new rules for home office during Work from Home during Covid-19.*** Please review the personal questionnaire for details.

2. The portion allowable as an expense is limited to the area in the home which is used for business (to earn income). The calculation is based on the size of the home in total, the amount of that space you use for work (ie, your studio/office) and the amount of time it is used. You will have to provide those calculations.

Expenses can include:

- Heat
- Electricity
- Insurance
- Maintenance
- Mortgage Interest / Rent

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