

What Is a Write-Off?

**Understanding Business Deductions
with a handy Checklist**



What Is a Write-Off?



Every business owner has heard someone say,

“Don’t worry, it’s a write-off.”

But what does that actually mean?

A write-off (also called a tax deduction) is simply a business expense that helps lower your taxable income.

It doesn’t mean the government pays for it or that it’s “free.”

Instead, it reduces the portion of your income that gets taxed — helping you keep more of what you earn.



Definition

A write-off, or tax deduction, is any ordinary and necessary business expense (IRS definition, Publication 535) that helps you earn income or operate your business.

Example



Let’s say you own a small cleaning business and you made \$60,000 this year. You spent \$15,000 on supplies, uniforms, gas, and business insurance.

That \$15,000 becomes your write-offs.

So instead of paying taxes on the full \$60,000 you made, you’ll only pay taxes on your \$45,000 profit (\$60,000 - \$15,000 = \$45,000).

It’s that simple: write-offs lower your taxable income, not your tax bill directly.

Common Write-Off Categories



Every business is unique — what’s deductible for one business may not apply to another. Always confirm with your accountant before claiming specific expenses.

What Is a Write-Off?

Advertising & Marketing

Expenses that help promote your business are 100% deductible when they are directly related to business growth.

Examples:



- Facebook, Instagram, or Google Ads
- Flyers, business cards, and brochures
- Website design, hosting, and domain name
- Professional photos or videos for marketing
- Promotional merchandise and branded giveaways

(IRS Reference: Publication 535, Business Expenses)



Limitations:

- Cannot include personal image-related expenses (e.g., personal grooming, clothing).
- Political or charitable promotions that don't advertise your business are not deductible.



Audit Trigger:

Large marketing deductions compared to revenue, or combining personal promotional expenses (e.g., hair, wardrobe) under business advertising.



Deduction Checklist

- ☐ Online (Facebook, Instagram, Pinterest)
- ☐ Newspapers, radio, television
- ☐ Business cards, promotional & branded items
- ☐ Website costs including domain name & web hosting fees
- ☐ Influencer marketing costs
- ☐ Professional photography/videography used in promo materials
- ☐ Professional styling*

What Is a Write-Off?

Bank & Payment Fees

These are small costs tied to running your business accounts and accepting payments.

Examples:



- Bank account maintenance fees
- Stripe, Square, or PayPal transaction fees
- Business credit card annual fees

(IRS Reference: Publication 535, Business Expenses)

Limitations:



- Only for business-related accounts — personal account fees don't qualify.
- Overdraft penalties or late payment fees are not deductible.

Audit Trigger:



Listing fees from personal bank accounts or failing to maintain a separate business account.



Deduction Checklist

- ☐ Bank account fees
- ☐ Third party payment processing fees (Stripe, Square, PayPal, etc)

What Is a Write-Off?

Capital Assets & Equipment

Major purchases you use for more than one year — like computers, office furniture, or cameras — are considered capital assets. These are written off gradually through depreciation, unless you elect Section 179 or bonus depreciation for a larger first-year deduction.

Examples:



- Computers, phones, and tablets
- Desks, chairs, and filing cabinets
- Machinery or professional tools

(IRS Reference: 946, How to Depreciate Property)



Limitations:

- Must be used more than 50% for business to qualify.
- Section 179 deduction limit for 2025: \$1,220,000 (phase-out at \$3,050,000).
- Assets under \$2,500 may qualify as a de minimis expense (safe harbor rule).



Audit Trigger:

Writing off large purchases as “supplies” instead of capitalizing, or claiming equipment that appears to have personal use.



Deduction Checklist

- ☐ Technology (laptop, cell phone)
- ☐ Office furniture (office chair, desk)
- ☐ Equipment (ex, if you're a photographer: camera, lenses, lighting equipment)

What Is a Write-Off?

Charitable Contributions

Businesses can deduct donations made to qualified 501(c)(3) organizations, but only if the donation is made through the business and not personally.

Examples:



- Cash donations
- Donating inventory or equipment
- Sponsoring a charity event (if your business name is promoted)

(IRS Reference: Publication 526, Charitable Contributions)

Limitations:



- The deduction is generally limited to 10% of taxable income for corporations.
- For sole proprietors and single-member LLCs, charitable deductions are typically taken on your personal return (Schedule A), not your business return.

Audit Trigger:



Claiming personal donations as business expenses or failing to provide donation receipts from the charitable organization.



Deduction Checklist

What Is a Write-Off?

Conventions, Trade Shows & Networking

Expenses related to attending or exhibiting at business events are deductible as long as they are directly tied to your trade or profession.

Examples:



- Conference registration fees
- Booth rental and promotional materials
- Travel, lodging, and meals while attending

(IRS Reference: Publication 463, Travel, Gift, and Car Expenses)

Limitations:



- Events must have a clear business purpose; personal vacations disguised as business trips are not deductible.
- Travel must be primarily for business — if personal days are added, those costs are excluded.

Audit Trigger:



Deducting family trips, companion airfare, or vacation-related costs as “business conferences.”



Deduction Checklist

What Is a Write-Off?

Cost of Goods Sold (COGS)

This includes the direct costs of producing or selling your goods or services. It reduces your gross income and applies only if your business sells products or materials.

Examples:



- Raw materials and inventory
- Packaging and shipping materials
- Supplies directly used to create your product
- Merchant delivery and postage costs

(IRS Reference: Publication 334, Tax Guide for Small Business)

Limitations:



- Labor costs for owners (your own time) are not part of COGS.
- Must use accurate beginning and ending inventory values each year.

Audit Trigger:



Inflating COGS by including indirect expenses like utilities or salaries that belong in operating expenses.



Deduction Checklist

- ☐ Materials and supplies needed to create your product (ex. A lash artist would include lash trays, glue, eye pads, spoolies, and disposable tools as part of their cost of goods sold.)
- ☐ Packaging materials
- ☐ Specific programs to perform service being provided (ex. bookkeeper paying for client's accounting software)
- ☐ Shipping & Delivery expenses

What Is a Write-Off?

Education & Professional Growth

Education expenses that help you improve or maintain skills needed in your business are deductible. These must relate directly to your current line of work — not for starting a new career.

Examples:



- Business or tax courses
- Online training, certifications, and workshops
- Books and e-books for professional development
- Business coaching or mastermind programs

(IRS Reference: Publication 970, Tax Benefits for Education; Publication 535)

Limitations:



- Education that qualifies you for a new trade (for example, switching careers) is not deductible.
- Meals and travel for education events are deductible only if business-related.

Audit Trigger:



Claiming personal development or unrelated courses (e.g., fitness, cooking, self-help) as business education.



Deduction Checklist

- ☐ Tuition
- ☐ Books, e-books
- ☐ Online Courses

What Is a Write-Off?

Client Gifts

Giving gifts to clients, referral partners, or vendors can be deductible — within IRS limits.

Examples:



- Branded gift baskets, candles, or coffee mugs
- Holiday gifts or thank-you packages for loyal clients

(IRS Reference: Publication 463, Travel, Gift, and Car Expenses)

Limitations:



- The IRS allows a maximum deduction of \$25 per recipient per year.
- Promotional items under \$4 (like pens or magnets with your logo) do not count toward this limit.



Audit Trigger:

Claiming lavish or personal gifts as business deductions (e.g., jewelry, luxury goods).



Deduction Checklist

What Is a Write-Off?

Home Office

If you regularly and exclusively use part of your home for business, you may qualify for the home office deduction.



Examples:

- A dedicated workspace or office in your home
- Utilities, internet, and rent or mortgage interest (portion based on square footage)
- Office furniture and maintenance costs

(IRS Reference: Publication 587, Business Use of Your Home)

Limitations:



- The space must be used exclusively for business — not shared with personal use.
- You can use either the simplified method (\$5 per sq. ft., up to 300 sq. ft.) or the actual expense method (percentage of home used for business).

Audit Trigger:



Claiming a home office without proof of exclusive use or deducting large portions of your home (e.g., 50%+).



Deduction Checklist

- ☐ Rent
- ☐ Mortgage Interest
- ☐ Utilities
- ☐ Property Tax
- ☐ Insurance
- ☐ Cleaning costs

What Is a Write-Off?

Business Insurance

Insurance that protects your business, employees, or equipment is generally deductible.

Examples:



- General liability or professional liability insurance
- Workers' compensation insurance
- Business interruption insurance
- Cybersecurity or E&O policies

(IRS Reference: Publication 535)

Limitations:



- Only insurance related to business operations is deductible.
- Health insurance for owners follows different rules depending on business structure.



Audit Trigger:

Deducting personal insurance (auto, life, or homeowner's) as business coverage without business justification.



Deduction Checklist

What Is a Write-Off?

Interest

Interest on business loans, credit cards, or lines of credit may be deductible when the funds are used strictly for business purposes.



Examples:

- Interest on business equipment financing
- Business credit card interest
- Loans used to fund operations or buy inventory

(IRS Reference: Publication 535, Business Expenses)

Limitations:



- Interest on personal loans or credit cards is not deductible.
- Keep documentation showing the borrowed funds were used for business.



Audit Trigger:

Mixing personal and business funds or deducting personal credit card interest.



Deduction Checklist

- ☐ Credit Card Interest
- ☐ Loan Interest

What Is a Write-Off?

Legal, Accounting & Professional Services

Professional fees paid for business-related services are fully deductible.

Examples:



- Tax preparation or bookkeeping fees
- Legal advice and contract review
- Business consulting or compliance services

(IRS Reference: Publication 535)

Limitations:



- Personal legal expenses (e.g., divorce, child custody) are not deductible.
- Fees must directly relate to operating or maintaining your business.

Audit Trigger:



Claiming personal legal costs or mixing tax prep fees for personal returns with business deductions.



Deduction Checklist

- ☐ Accountant fees
- ☐ Lawyer Fees
- ☐ Bookkeeper Fees

What Is a Write-Off?

Licenses & Fees

Deductions include costs to legally operate and maintain your business licenses.

Examples:



- Local business license or permit renewals
- Professional association or trade memberships
- Trademark or filing fees

(IRS Reference: Publication 535)

Limitations:



- Government fines and penalties are not deductible.
- Memberships to social or recreational clubs (even for networking) are not deductible.



Audit Trigger:

Deducting fines, penalties, or club memberships under “business fees.”



Deduction Checklist

- ☐ Professional association/licensing fees
- ☐ Local business license
- ☐ Trademark fees

What Is a Write-Off?

Meals & Entertainment

Meals are deductible when they are directly related to business activities such as meetings, travel, or client discussions.



Examples:

- Meals with clients or prospects (business discussed)
- Meals during overnight travel for business

(IRS Reference: Publication 463)

Limitations:



- Generally, 50% of business meals are deductible.
- Meals must not be lavish or extravagant.
- Entertainment (e.g., concerts, sporting events) is not deductible after 2017 tax law changes.

Audit Trigger:



Claiming 100% of meals or listing vague expenses like “lunch” without receipts or meeting details.



Deduction Checklist

What Is a Write-Off?

Office Expenses

Everyday supplies and small items you use to run your business are deductible.

Examples:



- Pens, paper, printer ink
- Office furniture and cleaning services
- Monitors, keyboards, and storage devices

(IRS Reference: Publication 535)

Limitations:



- Only items used for business.
- Large furniture purchases may need to be capitalized instead of expensed.



Audit Trigger:

Claiming home décor or personal electronics as office supplies.



Deduction Checklist

- ☐ Postage & Shipping
- ☐ Small items like pens, printer paper, ink
- ☐ Hard drive
- ☐ Monitor
- ☐ Keyboard
- ☐ Headphones
- ☐ Office cleaning services

What Is a Write-Off?

Online Software & Subscriptions

Ongoing software and digital tools used to run your business are fully deductible. This includes cloud storage, email hosting, and subscription platforms that help you stay organized, market, or manage clients.

Examples:



- Accounting software (QuickBooks, Xero, Wave)
- Cloud storage (Google Drive, Dropbox, Microsoft 365)
- CRM and marketing tools (HoneyBook, Mailchimp, Dubsado)
- Design and creative apps (Canva, Adobe Creative Cloud)

(IRS Reference: Publication 535, Business Expenses)

Limitations:



- Must be directly related to your business.
- Personal subscriptions (Netflix, Spotify, etc.) are not deductible even if occasionally used for work.

Audit Trigger:



Deducting personal digital subscriptions or claiming full amounts for shared family plans without a business allocation.



Deduction Checklist

- ☐ Accounting software (QBO, XERO, Freshbooks)
- ☐ Storage/Email (Google Suite, Microsoft Office)
- ☐ Photo/Video editing apps (Adobe Creative Cloud, Canva, etc)
- ☐ Marketing, CRM & other subscriptions (Dubsado, Mailchimp, Honeybooks, etc)
- ☐ PROFESSIONAL DEVELOPMENT
- ☐ Business coach
- ☐ Mastermind or other group program
- ☐ Conference or event

What Is a Write-Off?

Payroll & Staffing

If you have employees or contractors, you can deduct all payroll-related costs associated with running your business.

Examples:



- Employee wages and salaries
- Payroll taxes (Social Security, Medicare, state withholding)
- Payroll software and processing fees
- Employee training or uniforms

(IRS Reference: Publication 15, Employer's Tax Guide; Publication 535)

Limitations:



- Payments must be reasonable for the work performed.
- You must issue the proper tax forms (W-2s for employees, 1099-NEC for contractors).

Audit Trigger:



Misclassifying workers (treating employees as independent contractors), failing to remit payroll taxes, or paying in cash without records.



Deduction Checklist

- ☐ Payroll wages + taxes
- ☐ Software
- ☐ Medical expenses
- ☐ Training expenses Uniforms

What Is a Write-Off?

Supplies & Tools

Smaller, everyday items and materials used to provide your product or service can be deducted as supplies.

Examples:



- Cleaning chemicals, gloves, and rags (for cleaning businesses)
- Art supplies or small tools
- Stock photos, fonts, or digital templates

(IRS Reference: Publication 535)

Limitations:



- Must be consumed or used within a year.
- Expensive tools with a useful life over one year may need to be capitalized instead.



Audit Trigger:

Claiming large equipment or long-term assets under “supplies” to avoid depreciation.



Deduction Checklist

- ☐ Small equipment & tools
- ☐ Stock photos/music, fonts & other digital supply purchases
- ☐ Art supplies or other materials needed for business

What Is a Write-Off?

Subcontractors

Payments made to other professionals or independent contractors for specialized work are deductible.

Examples:



- Virtual assistants
- Graphic designers, copywriters, or web developers
- Independent specialists you hire to complete client projects

(IRS Reference: Publication 15-A, Employer's Supplemental Tax Guide)

Limitations:



- Must issue Form 1099-NEC to any subcontractor paid \$600 or more in a calendar year.
- Payments must be for business-related work, not personal tasks.

Audit Trigger:



Not filing 1099s for contractors or claiming personal service costs (like home cleaning or errands) as business subcontractors.



Deduction Checklist

- ☐ Virtual assistants
- ☐ Consultant
- ☐ Freelancer for areas not in your specialty (graphic designer, copy writer, website designer, etc)

What Is a Write-Off?

Telephone & Internet

If you use your phone or internet for business, a portion of those costs may be deductible.

Examples:



- Business cell phone or separate business line
- Internet used to manage client communication, marketing, or bookkeeping

(IRS Reference: Publication 535)

Limitations:



- Only the business-use percentage is deductible if used for both personal and work purposes.
- Landline home phone service (first line) is not deductible.

Audit Trigger:



Claiming 100% of phone or internet costs when also used personally without showing a reasonable percentage breakdown.



Deduction Checklist

What Is a Write-Off?

Business Travel

Travel expenses are deductible when they are ordinary, necessary, and directly related to business — not personal trips.

Examples:



- Airfare, hotel, and transportation (Uber, taxi, car rental)
- Meals while traveling for business
- Conference and event costs

(IRS Reference: Publication 463, Travel, Gift, and Car Expenses)

Limitations:



- Travel must be primarily for business.
- Family member travel or personal vacation days are not deductible.
- Meals while traveling are generally 50% deductible.

Audit Trigger:



Mixing business and leisure travel or claiming companion airfare and family meals as business expenses.



Deduction Checklist

- ☐ Transportation (Airfare, Ubers, Bus, Trains, etc)
- ☐ Accommodation (Hotel, Airbnb, VRBO, etc)
- ☐ Travel Meals

What Is a Write-Off?

Vehicle Expenses

If you use your car for business, you can deduct the portion of expenses related to that use. You can choose between the standard mileage rate or actual expense method.

Examples:



- Gas, oil changes, and maintenance
- Insurance and registration
- Lease or loan interest (business-use portion)
- Parking fees and tolls

(IRS Reference: Publication 463, Travel, Gift, and Car Expenses)

Limitations:



- Vehicle must be used for business — commuting to a regular workplace is not deductible.
- 2025 standard mileage rate: 65.5¢ per mile (subject to IRS update).
- Keep a mileage log showing the date, purpose, and miles driven.

Audit Trigger:



Claiming 100% business use for a personal vehicle or failing to maintain mileage records.



Deduction Checklist

- ☐ Loan or lease payments
- ☐ Fuel
- ☐ Insurance
- ☐ Parking & Tolls
- ☐ Repairs & Maintenance

What Is a Write-Off?

Understanding Business Deductions with a handy Checklist

Final Green Lotus Reminder

Every write-off must be ordinary, necessary, and directly connected to your business.

Keep records, receipts, and notes explaining the business purpose of each expense. Proper documentation is the key to maximizing deductions and minimizing audit risk.

Have questions about what you can really write off?
Green Lotus Business Solutions is here to help you understand your deductions, stay compliant, and keep more of what you earn.
Schedule your free consultation today — let's make sure every expense works for you, not against you.

Address: 811 w 7th street Suite 1200

Los Angeles, CA 90017

Email: support@greenlotusbs.com

Phone: 213-708-6846

Website: www.greenlotusbusiness.com

www.greenlotusbs.com