

## Key Deductions

**PROFESSIONAL FEES & DUES:** Dues paid to professional societies related to your profession are deductible. However, the cost of initial admission fees paid for membership in certain organizations or social clubs are considered capital expenses.



**CONTINUING EDUCATION:** Educational expenses are deductible under either of two conditions: (1) Your employer requires the education in order for you to keep your job or rate of pay; or (2) The education maintains or improves skills in your profession. The costs of courses that are taken to meet the minimum requirements of a job, or that qualify you for a new trade or business, are NOT deductible.

**TELEPHONE EXPENSES:** The basic local telephone service costs of the first telephone line provided in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs (basic fee and toll calls) of a second line in your home are also deductible, if used exclusively for business.

**AUTO TRAVEL:** Your auto expense is based on the number of qualified business miles you drive. Expenses for travel between business locations or daily transportation expenses in going between your residence and temporary work locations are deductible; include them as business miles. Your trips between home and work each day or between home and one or more regular places of work are COMMUTING and are NOT deductible.

Document business miles in a record book as follows: (1) Give the date and business purpose of each trip; (2) Note the place to which you traveled; (3) Record the number of business miles; (4) Record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses ñ gas, oil, repairs, insurance, etc., and of any reimbursement you received for your expenses.

**SUPPLIES & EXPENSES:** Generally, to be deductible, items must be ordinary and necessary costs in your profession and not reimbursable by your employer.

**EQUIPMENT PURCHASES:** Record separately from other supplies, the costs of business assets, which are expected to last longer than one year and cost more than \$100. Normally, the costs of such assets are recovered differently on your tax return than are other recurring, everyday business expenses like business cards, office supplies, etc.

**TRAVEL ñ OUT-OF-TOWN:** Expenses of traveling away from ñhomeñ overnight on job-related and continuing education trips are deductible. Your ñhomeñ is generally considered to be the entire city or general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips, and miscellaneous items like laundry, valet, etc.

Document away-from-home expenses by noting the date, destination, and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses ñ lodging, public transportation, meals, etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information in a timely diary. You must keep track of the full amount of meal and entertainment expenses even though only a portion of the amount may be deductible.

**MISCELLANEOUS EXPENSES:** Expenses of looking for new employment in your present line of work are deductible ñ you do not have to actually obtain a new job in order to deduct the expenses. Out-of-town job seeking expenses are deductible only if the primary purpose of the trip is job seeking, not pursuing personal activities.