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# What Counts as a Business Expense?

## A Guide to Common Deductible Expenses for Small Businesses & Self-Employed Entrepreneurs

Understanding what qualifies as a business expense can help you reduce your tax liability and make smarter financial decisions throughout the year. This guide breaks down typical deductible expenses into simple categories — perfect for new business owners, freelancers, and anyone managing their own books.

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## What Is a Business Expense?

A business expense is any cost that is **ordinary and necessary** for running your business. These are typically deductible, meaning they reduce your taxable income — and lower your tax bill.

Think of it this way:

If the expense helps you earn income, grow your business, or operate day to day, it likely counts as a business expense.

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## Common Business Expense Categories

### 1. Office Supplies & General Expenses

These are everyday essentials used directly in the course of business:

- Pens, paper, notebooks
- Printer ink and toner
- Postage and shipping supplies

- Envelopes, folders, staples
  - Cleaning supplies for a dedicated business space
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## 2. Business Meals

You can deduct 50% of meals that are directly related to business:

- Meals with clients, partners, or prospects
- Working lunches during business travel
- Coffee or snacks at a business meeting

*Tip: Always keep the receipt and note who you met with and the business purpose.*

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## 3. Mileage & Travel

If you use your personal vehicle for business purposes or travel for work, those expenses may qualify:

- Mileage (tracked using a log or app)
- Tolls and parking fees
- Airfare, hotels, rental cars for business travel
- Meals and transportation while traveling

*Tip: Commutes from home to a regular workplace are not deductible — but driving to client meetings is.*

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## 4. Software & Subscriptions

Any tools or subscriptions you pay for to run your business may count:

- Accounting software (e.g., QuickBooks, Xero, Wave)
- Google Workspace, Microsoft Office, Dropbox
- Scheduling tools (Calendly, Acuity)
- Industry-specific platforms (Canva, Adobe, CRMs)

*Tip: If a subscription is partially personal, only the business-use portion is deductible.*

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## **5. Advertising & Marketing**

All efforts to promote your business and reach new customers can be deducted:

- Website hosting and domain registration
  - Business cards and flyers
  - Facebook/Instagram/Google ads
  - Graphic design and branding services
  - Sponsorships and promotional merchandise
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## **6. Professional Services**

If you hire professionals to support your business, their fees are deductible:

- Bookkeepers and accountants
  - Lawyers and consultants
  - Virtual assistants or contractors
  - Tax preparation and advisory fees
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## 7. Rent & Utilities

This includes the cost of maintaining a space for your business:

- Monthly rent for office or studio space
- Utilities: electricity, water, gas, internet
- Cell phone plans (business portion only)
- Shared co-working spaces

### Home Office Deduction (if applicable):

You may qualify if you use part of your home *exclusively and regularly* for business.

- You can deduct a portion of rent/mortgage, electricity, internet, and insurance
- The deduction is based on the square footage used for business

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## Bonus: Other Deductible Expenses to Consider

- Bank fees and interest on business loans
- Education or training related to your industry
- Business insurance premiums
- Licenses, permits, or certifications
- Business gifts (limited to \$25 per person/year)

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## Keep Your Receipts & Stay Organized

No matter the category, always keep a record:

- Save physical or digital receipts
  - Make notes on business purpose
  - Use software or apps to stay consistent (QuickBooks, Expensify, Google Drive folders)
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**This guide is not a substitute for tax advice.** When in doubt, consult with a CPA or tax professional to confirm if an expense is deductible in your situation.

### **Ready to Feel Confident About Your Business Expenses?**

Understanding what counts as a deductible business expense is just the beginning. Properly tracking and categorizing those expenses throughout the year is what truly makes a difference—especially when it's time to file taxes or apply for funding.

If you're feeling overwhelmed or unsure, you don't have to do it alone.

**Verily Truly** offers personalized bookkeeping support for small business owners and nonprofits—so you can stay organized, maximize your deductions, and keep your focus where it belongs: growing your business.

Let's make your books make sense. Visit [www.verilytruly.com](https://www.verilytruly.com) to schedule a free consultation or get started today.