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Tax season: the time of year when we all sit down to figure out how much we owe and what we can deduct. According to the Q1 2015 Spark Business Barometer from Capital One, 55 percent of small business owners are very confident they are taking advantage of small business tax deductions, but what about the other 45 percent?

The tax code is a complicated and living document, so things change every year. But when starting and growing a small business, every penny counts, especially when profit margins are thin. That's why lawyer and tax expert Heather McGeorge recommends hiring an expert, not only during tax time, but to work throughout the entire year to help you maximize deductions and keep up-to-date on any changes in the tax code related to small business.

Capital vs. Business Expenses
There are differences between personal and business taxes, as well as between capital and business expenses. Capital expenses are the ones you must capitalize, rather than deduct, according the U.S. Small Business Administration. They include things like start-up costs, improvements and assets—but there are exceptions. What can be deducted includes:

- Business use of your phone and car
- Employees' pay
- Insurance
- Retirement plans (more on that later)
- Rent
- Travel

- Home expenses, with caveats

expenses is to keep a separate business credit card. "It can be more time consuming to make sure you track all your expenses," she says. But in the end, keeping clear lines between your expenses will not only make tax time easier, but will also keep you out of trouble.

Leverage Savings Opportunities
Small business owners are missing out on a big tax deduction that's pretty easy to access. According to the Q1 2015 Spark Business Barometer Survey, only 19 percent are utilizing a 401k plan to reduce taxes on their business, only 18 percent contribute to a 401k and 16 percent contribute to an IRA. All of these offer tax deductions.

How? By setting up a plan, your employees can max out their contributions and you can match. Since this is usually done with pre-tax earnings, you automatically lower your tax bracket with what's left. That's not the only taxable option. According to the IRS, "You may also be able to claim a tax credit of 50% of the first $1,000 of qualified startup costs if you begin a new qualified defined benefit or defined contribution plan (including a 401(k) plan), SIMPLE plan, or simplified employee pension."

Small business owners can also deduct social security, Medicare and federal unemployment taxes paid out to employees. While finding every legitimate deduction is important, it's also wise to use restraint.

McGeorge recommends that small business owners, "not to be overly aggressive in claiming business expenses. If expenses are really more personal in nature or not actually incurred to produce business income . . . the penalties and interest can end up being more than the actual tax, so it's really not worth it in the long run."

This year's tax season is in full swing, so it's high time to be thinking about every deduction you can—and it's not a bad idea to get a head start on next year either. If you haven't located every deduction or savings opportunity, such as starting a 401k

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