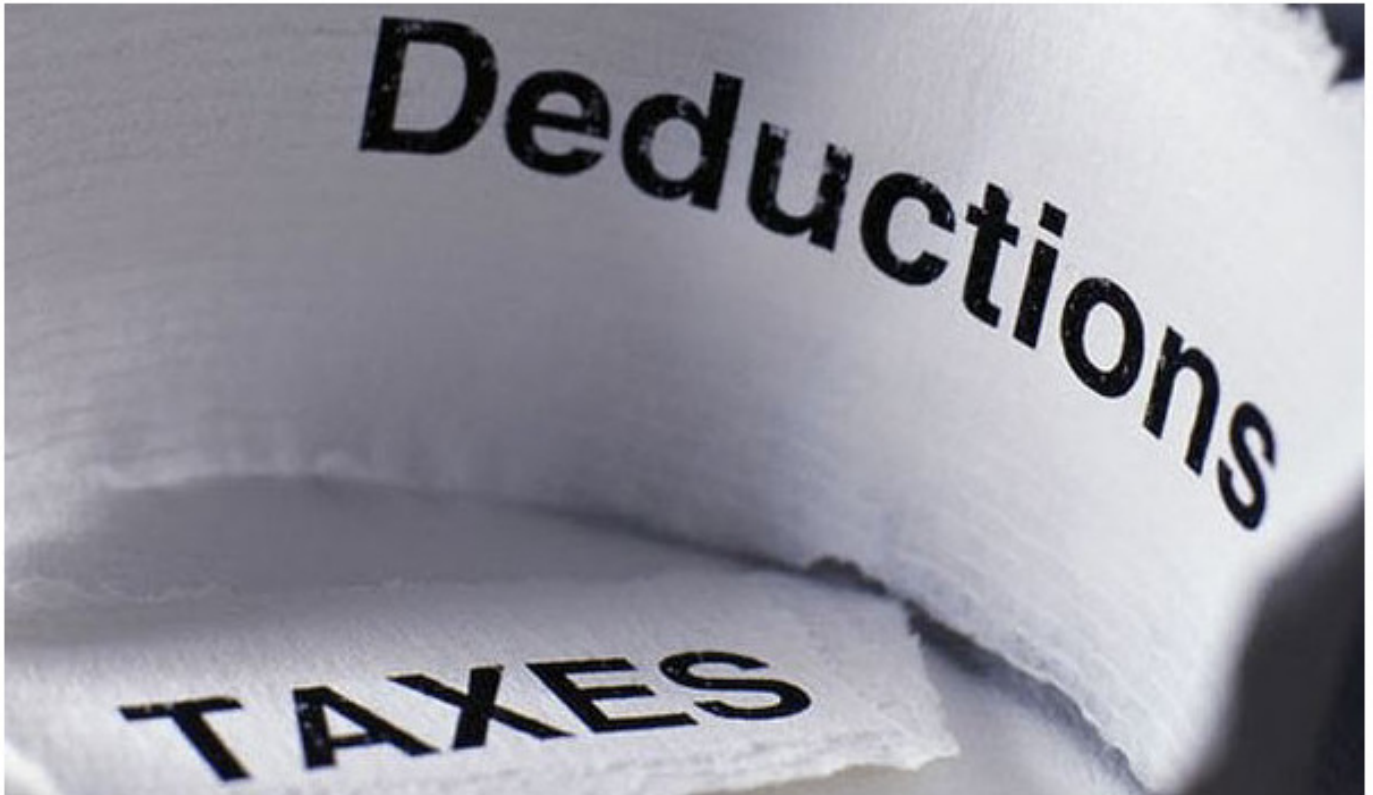


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Whether you've been self-employed for years or are one of the many newfound entrepreneurs to have gone off on your own in the COVID-19 era, lowering your self-employment taxes is always a savvy business strategy. Here are 12 tax deductions self-employed individuals could consider this tax season:

- 1. Health Care:** It's no surprise that health care is top of mind for most. If a self-employed taxpayer is ineligible to join a spouse's health insurance plan, they can deduct medical and dental plan premiums for themselves and their spouses, dependents, and children below age 27 as an income adjustment. These premiums don't have to be itemized to claim the deduction.
- 2. Start-Up Costs:** All the costs of forming a legal business entity, like registration fees, add up. Thankfully, up to \$5,000 in start-up costs and \$5,000 in organization

costs that your business venture had to pay to get going can be deducted.

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5. **Transportation, Travel, and Meals:** A self-employed taxpayer can deduct mileage costs for all business-related travel in their personal vehicle, providing a mileage log was used. Alternatively, more detailed transportation expenses, like gas, oil, depreciation, licenses and so on can be deducted—this is particularly important if five or more vehicles are registered to the business. Documentation of business use is key, and taxpayers can use either the standard mileage rate or actual expenses, whichever is larger. If traveling to customers, clients, or other business-related destinations is required, the travel expenses, including the cost of meals, can also be deducted.
6. **Education:** Paying to learn new business skills? The costs for your education could be deductible, including tuition, lab fees, supplies, books, and transportation to campus.
7. **Home Offices:** Most self-employed individuals have a dedicated workspace at home. If so, you can claim a deduction for the percentage of the space the dedicated workspace takes up in your personal home. The deduction could apply to a portion of the mortgage paid on the property, or the simplified deduction might be a better choice—a taxpayer can deduct \$5 per square foot of the dedicated workspace, up to \$300.
8. **Office Supplies, Phone, and Internet:** What's a home office, or any office, without office supplies? Expenses for everything from pens to printers that are needed for business use can be deducted if there are receipts for proof of purchase. And if you use phone and internet services to conduct your business, these utilities can be deducted as a percentage of business use if using your home's services. If the phone and internet services are registered to your company, the entire bill can be deducted.

9. **Business Insurance:** Self-employed taxpayers can deduct business insurance,

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\$58,000 in 2021)—and even more if aged 50 or older.

2. Self-Employment Taxes: One of the most common self-employment deductions is self-employment tax. You can deduct up to 50 percent of your self-employment tax from your income taxes.

Thanks to the many tax deductions available to small businesses, self-employed taxpayers have a lot of business income-boosting opportunities to consider. The Illinois CPA Society reminds taxpayers that everyone's tax situation is different, and not all tax deductions will be available to everyone. Consulting a certified public accountant (CPA) is the best way to maximize your tax deductions and get the strategic business advice you need to increase your profitability and keep your business moving forward.

The Illinois CPA Society's free "Find a CPA" directory can help taxpayers find the trusted, strategic business advisors that are right for them based on location, types of services needed, and languages spoken. Find your CPA at www.icpas.org/findacpa.

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