

Checklist for Self-Employed Individuals

Hair Salon

Tax Point – Nowhere in the income tax code is there a list of items that are deductible. The Internal Revenue Code simply states that all “ordinary and necessary” expenses are deductible. With this in mind, if you review your expenditures to determine which items may meet the “ordinary and necessary” definition, you will see how you can pick up several easily missed tax deductions. The following list is comprised of items that are considered deductible for *self-employed individuals*. Normally, these salon deductions would be included on Schedule C of your annual tax return. Some of these items are deductible, but only partially; where as other items must be amortized or depreciated. The purpose of this schedule is to give you a checklist to help “jog your memory” when compiling your business deductions for your tax return.

- Abandonment of assets, loss for
- Accounting fees
- Acquiring a lease, cost of
- Advertising
- Agreement not to compete
- Allowances and returns
- Amortization of goodwill
- Appointment books
- Attorney’s fees (not all)
- Automobiles
- Back bar supplies
- Bank fees
- Bonuses to employees
- Business cards
- Business conventions
- Business forms
- Business interruption insurance
- Business retreat
- Capital losses
- Cars
- Casualty insurance
- Casualty losses
- CD’s and tapes
- Cellular phones (business use portion)
- Chemicals and colors
- Cleaning supplies
- Client hospitality – beverages provided for clients (coffee-pop-water)
- Clothes, damages

- Commissions paid to independent contractors
- Computers
- Computer paper
- Conventions
- Cruise ship, conventions on
- Damaged clothes
- Decorations
- Dependent care (for employees)
- Depreciation
- Dues
- Education expenses
- Employee compensation
- Employment taxes
- Entertainment expenses (50%)
- Equipment (depreciation)
- Fashion trips
- Fax machines
- First year expensing of equipment
- Franchise fees
- Freight
- Fuel taxes
- FUTA tax for employees
- Gifts
- Goodwill
- Hair shows
- Handicapped, improvements for
- Health insurance for employees
- Home office expenses

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- Insurance
 - Business interruption
 - Car
 - Casualty
 - Health
 - Liability
 - Long-term care
 - Overhead
 - Worker's compensation
- Interest
- Internet-related fees
- Inventory purchased for retail
- Involuntary conversions
- Journals
- Keogh plan contributions
- Labor costs
- Laundry detergent
- Lease payments
- Legal fees
- Liability insurance
- License fees
- Magazines relating to the industry
- Magazines – professional and trade
- Magazines that provide you with information relative to your client and their profession
- Magazines used in the lobby
- Maintenance costs (repairs)
- Materials
- Medical insurance
- Medical reimbursement plans
- Meals for business
- Mileage to:
 - Shows
 - Distributor or Distributor store
 - All business
- Mortgages
- Moving expenses
- Net operating losses
- Office in home

- Office supplies
- Organizational expenses
- Outplacement services for employees
- Overhead insurance
- Pagers
- Patents
- Pension plans
- Postage
- Promotions
- Qualified retirement plan contributions
- Real estate taxes
- Receptionist salaries
- Registration fees
- Remodeling costs
- Removal of architectural barriers
- Rent
- Retirement plan contributions
- Royalty payments
- Sales tax
- Salon Tax Guide
- Samples purchased for clients
- Self-employment tax
- SEP-IRAs
- Sick pay for employees
- SIMPLE plan contributions
- Software
- Staff parties
- Start-up costs
- Stylist promotions
- Subscriptions
- Supplemental unemployment benefits for employees
- Supplies
- Tanning bulbs
- Tax return preparation fees
- Thefts
- Tools
- Toys for the waiting area
- Trade names

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- Trademarks
- Transportation expenses
- Travel expenses
- Unemployment payments to state compensation fund for employees
- Uniforms
- Use tax

- Utilities
- Vandalism
- Wages for employees
- Wages – high school help
- Wall hangings
- Work clothes
- Worker's compensation for employees