

# 2025 Small Business Tax Deduction Checklist

100+ Deductions Organized by Entity Type  
Never Miss a Write-Off Again

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By AccountAxed — [accountaxed.com](https://accountaxed.com)  
Your AI-Powered Accounting Partner

# How to Use This Checklist

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This checklist covers over 100 tax deductions available to small businesses in 2025. It is organized by entity type so you can quickly find what applies to your business.

## Instructions:

- Print this checklist or open it on your tablet
- Start with **Universal Deductions** (applies to all entity types)
- Then review the section for **your specific entity type** (LLC, S-Corp, etc.)
- Check off each deduction you qualify for
- Review the **Commonly Missed Deductions** section — this is where the money is
- Save your receipts and documentation (see Documentation Requirements)

**Pro Tip:** For the most accurate categorization, connect your bank to AccountAxed and let AI handle it automatically. Our AI categorizes transactions with 99.8% accuracy and identifies deductions you might miss manually.

## Legend:

- = Unchecked (review this deduction)
- = Checked (you claim this deduction)

# Universal Deductions (All Entity Types)

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## Office & Workspace

- Home office deduction — simplified method (\$5/sq ft, up to 300 sq ft = \$1,500 max)
- Home office deduction — actual expense method (rent, utilities, insurance, repairs)
- Office supplies and equipment (paper, ink, postage, etc.)
- Computer and software purchases (laptops, monitors, SaaS subscriptions)
- Internet and phone service (business use percentage)
- Office furniture (desks, chairs, shelving)

## Vehicle & Travel

- Standard mileage rate (70 cents/mile for 2025)
- Actual vehicle expenses (gas, insurance, maintenance, repairs, depreciation)
- Parking and tolls (business-related)
- Business travel (flights, hotels, ground transportation)
- Meals during business travel (50% deductible)

## Professional Services

- Accounting and bookkeeping fees
- Legal fees (business-related)
- Business consulting fees
- Tax preparation fees (business portion)

## Insurance

- Business liability insurance
- Professional liability / Errors & Omissions (E&O;) insurance
- Workers' compensation insurance
- Commercial property insurance

# Universal Deductions (continued)

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## Marketing & Advertising

- Website hosting and domain registration
- Social media advertising (Facebook, Google, LinkedIn ads)
- Business cards and printed marketing materials
- SEO and digital marketing services

## Education & Development

- Business-related courses and training programs
- Professional certifications and licensing
- Industry conferences and events (registration, travel)
- Business books, journals, and subscriptions

## Financial

- Business bank account fees
- Credit card processing / merchant fees
- Business loan interest
- Bad debt write-offs (accounts receivable)

## Depreciation & Assets

- Section 179 expensing (deduct full cost of qualifying assets in year purchased)
- Bonus depreciation (60% for 2025)
- MACRS depreciation schedules
- Leasehold improvements

# LLC-Specific Deductions

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If your business is structured as a Limited Liability Company (single-member or multi-member), these deductions apply in addition to the universal deductions above.

## LLC Tax Deductions

- Self-employment tax deduction (deduct 50% of SE tax from gross income)
- Health insurance premiums (100% deductible for self-employed individuals)
- SEP-IRA contributions (up to 25% of net self-employment income, max \$69,000)
- Solo 401(k) contributions (employee: \$23,500 + employer: 25% of compensation)
- Qualified Business Income (QBI) deduction (up to 20% of qualified business income)
- State LLC annual fees, franchise taxes, and filing costs
- Operating agreement preparation and legal costs
- Registered agent service fees

**Note:** Single-member LLCs report on Schedule C (Form 1040). Multi-member LLCs file Form 1065 (partnership return). LLCs can also elect S-Corp taxation using Form 2553.

# S-Corp Specific Deductions

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S-Corps offer unique tax advantages, particularly around payroll tax savings. These deductions are in addition to the universal deductions.

## S-Corp Tax Deductions

- Officer reasonable compensation (salary) — must be reasonable for your role and industry
- Health insurance premiums for >2% shareholders (reported on W-2, deducted on 1040)
- Retirement plan contributions (SEP-IRA, SIMPLE IRA, or 401(k) plans)
- Payroll tax savings vs LLC (distributions above salary avoid FICA/SE tax)
- Fringe benefits (group term life up to \$50K, dependent care, education assistance)
- Shareholder distribution planning (optimize salary vs. distribution split)
- Accountable plan reimbursements (business expenses reimbursed tax-free)
- Company-owned vehicle (business use logged and documented)

**Key advantage:** S-Corp shareholders only pay FICA taxes on salary/wages, not on distributions. This can save 15.3% on the distribution portion. However, salary must be 'reasonable' — the IRS scrutinizes S-Corps paying unreasonably low salaries.

# Sole Proprietor Deductions

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Sole proprietors report business income and expenses on Schedule C (Form 1040). All universal deductions apply, plus these specific items.

## Schedule C Deductions

- All Schedule C business expenses (advertising, supplies, utilities, etc.)
- Self-employment tax (15.3% on net earnings — deduct 50% on Form 1040)
- Health insurance deduction (100% of premiums for self, spouse, and dependents)
- Home office deduction (Form 8829 or simplified method)
- Vehicle expenses (actual or standard mileage — Form 4562 for depreciation)
- Startup costs (deduct up to \$5,000 in first year; amortize remainder over 15 years)
- Business use of personal assets (pro-rate based on business use percentage)
- Contract labor and subcontractor payments (file 1099-NEC for \$600+)

# Nonprofit (501(c)(3)) Considerations

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Nonprofits don't pay income tax on mission-related activities, but proper expense tracking is critical for Form 990 reporting and maintaining tax-exempt status.

## Expense Categories to Track

- Program service expenses (directly related to your mission)
- Fundraising expenses (events, campaigns, donor communications)
- Administrative and general overhead (rent, utilities, office costs)
- Overhead allocation (properly allocate shared costs across functional areas)
- In-kind donation tracking (fair market value of goods and services received)
- Grant expense documentation (track restricted vs. unrestricted funds separately)
- Form 990 preparation costs
- Volunteer expense reimbursements
- Board meeting and governance costs

**Important:** Nonprofits must track expenses by functional classification (program, management/general, fundraising) for Form 990 Part IX. AccountAxed automatically categorizes nonprofit expenses into these functional areas.

# Top 20 Commonly Missed Deductions

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These are the deductions most frequently overlooked by small business owners. Review each one carefully — even one missed deduction could cost you thousands.

1. Home office deduction (even a dedicated corner counts)
2. Vehicle mileage (track every business trip with an app or log)
3. Health insurance premiums (self-employed can deduct 100%)
4. Retirement contributions (SEP-IRA, Solo 401k, SIMPLE IRA)
5. Business use of cell phone (deduct business use percentage)
6. Professional development (courses, certifications, conferences)
7. Business insurance premiums (liability, E&O;, property)
8. Startup costs (up to \$5,000 deductible in year one)
9. Depreciation — Section 179 (deduct full cost of equipment in year purchased)
10. Business meals (50% deductible when with client/prospect)
11. State and local taxes (SALT deduction, entity-level taxes)
12. Charitable contributions (C-Corps can deduct; others via personal return)
13. Equipment and supplies (everything from staplers to standing desks)
14. Software subscriptions (SaaS tools, cloud storage, productivity apps)
15. Professional memberships (industry associations, chambers of commerce)
16. Business gifts (\$25 per recipient per year limit)
17. Moving expenses (military members only for 2025)
18. Energy efficiency credits (solar, EV, energy-efficient equipment)
19. Research & Development credit (Form 6765 — even small businesses qualify)
20. Casualty and theft losses (business property, with proper documentation)

## 2025 Quarterly Tax Deadlines

Quarter	Period	Due Date	Form
Q1	Jan 1 – Mar 31	April 15, 2025	1040-ES
Q2	Apr 1 – May 31	June 16, 2025	1040-ES
Q3	Jun 1 – Aug 31	September 15, 2025	1040-ES
Q4	Sep 1 – Dec 31	January 15, 2026	1040-ES

### Annual Filing Deadlines by Entity Type:

Entity Type	Form	Deadline
Sole Proprietor	Schedule C (1040)	April 15
Single-Member LLC	Schedule C (1040)	April 15
Multi-Member LLC	Form 1065	March 15
S-Corporation	Form 1120-S	March 15
C-Corporation	Form 1120	April 15
Nonprofit	Form 990	May 15

*Extensions available: 6-month automatic extension for most entities (file Form 4868 or 7004). Note: extensions extend the filing deadline, not the payment deadline.*

# Documentation Requirements

Proper documentation is the difference between a deduction that holds up under audit and one that gets disallowed. Keep these records for every deduction you claim.

## What Records to Keep

- **Receipts:** Date, amount, vendor, business purpose
- **Bank/credit card statements:** Monthly statements showing transactions
- **Mileage log:** Date, destination, business purpose, miles driven
- **Home office:** Square footage, total home size, expenses (rent/mortgage, utilities)
- **Meals:** Date, attendees, business purpose, amount
- **Travel:** Itinerary, business purpose, all receipts
- **Assets:** Purchase date, cost, business use %, depreciation schedule
- **Contracts:** Agreements with contractors, vendors, clients

## How Long to Keep Records

Record Type	Keep For
General business records	3 years from filing date
If you underreported income by >25%	6 years
Employment tax records	4 years after tax is due/paid
Asset/depreciation records	Life of asset + 3 years
If you filed a fraudulent return	Indefinitely
If you did not file a return	Indefinitely

## Digital vs. Paper Records

The IRS accepts digital copies of receipts and records. Best practices:

- Scan or photograph receipts immediately (they fade over time)
- Use cloud storage with automatic backup (Google Drive, Dropbox, etc.)
- Organize by year and category for easy retrieval

- Keep originals of large purchases and legal documents
- Use AccountAxed to automatically track and categorize — all records stored securely

# Stop Doing This Manually.

AccountAxed automatically categorizes your transactions, identifies deductions, and generates GAAP-compliant financial reports in minutes — not hours.

- ✓ AI-powered transaction categorization (99.8% accuracy)
  - ✓ Audit-ready GAAP reports in 4 minutes
- ✓ Every entity type: LLC, S-Corp, Nonprofit, and more
  - ✓ Bank-grade AES-256 encryption

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## Start Free Today

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