

## Setting Up Your Tax File

By running a Home Based Business, even if you don't make one single penny, if you are "legitimately" trying to earn income, the Government allows you to write off literally hundreds of expenses that you incur over the course of the year.

Be sure to start saving all of your receipts & invoices, for items such as Dining Out, Entertainment, Travel Expenses, Car Expenses, Office Supplies, Training & Seminars, Business Materials, (including Product), Rent or Mortgage Payments, Home Utilities, Insurances & so much more. When you do your taxes, you can deduct a portion of these expenses from your total taxable income and save literally thousands of dollars per year.

(Be sure to contact your tax advisor or accountant.)

Be sure to keep receipts & invoices in a safe place and categorize them accordingly. This will save you time while preparing your taxes at the end of this fiscal year.

### Tips:

The IRS requires:

- That you intend to make a profit.
- That you make a good faith effort.
- That the expenses are reasonable and ordinary for conducting your business.
- That you state who you were with, why, when, and where for non-obvious expenditures such as travel, entertainment, etc. The back of the receipt would be a good place to keep this information.

### Do's and Don'ts

#### Do:

Keep a phone log.  
Save receipt and records.  
Have a home guest book.  
Save business cards and other contact information.  
Use an aggressive tax preparer who knows your business.  
Save tax information for five years after filling.  
Keep a shipping log, fax list and e-mail list.  
Use Quick Books or an other accounting system.  
Upgrade this file system.  
Use a mileage log.

#### Dont:

Exaggerate.  
Cheat

**Remember documentation is the key.**

**Also remember everything is less expensive if you can deduct it!**

**\*\*Suggested Labels for 12 Hanging File Folders**

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|--|---|
| 1. Training and Education Expenses<br>Seminar/Meeting Expenses                                       | 2. Vehicle 1 Expenses<br>(Mileage Log Suggested)                          |
| 3. Travel: Airlines Tickets, Car Rental Hotel Parking and Toll Fees                                  | 4. Vehicle 2 Expenses<br>(Mileage Log Suggested)                          |
| 5. Office Supplies and Stationary<br>Postage/Shipping  | 6. Qualifying Orders<br>Sales Income                                      |
| 7. Homeowners or Renters Expenses Homeowners & Condo Fees, Utilities                                 | 8. Demos/Samples<br>Advertising, Printing, Copying<br>Marketing Materials |
| 9. Office Equipment and Furnishings<br>Improvements and Repairs Wages(children, house keeping, etc.) | 10. Telephone, Internet Fees<br>Contract Services, Lead Generation        |
| 11. Entertainment<br>Gifts   | 12. Miscellaneous   |