



BTC Tax Time Bonus!



The 20 Most Overlooked Tax Savings

Since April 15 is less than two weeks away, our minds are on your balance sheets. We want to be sure that whether you're a stylist, owner or booth renter, you're keeping as much of your hard earned money as you rightfully can after filing your tax return. So start searching for those receipts, because here are 20 (yep, 20!) viable deductions, courtesy of tax guru **Larry Kopsa** of **Kopsa Otte CPAs & Advisors**. Make the most of these this year, or start keeping track for next year, and they might make all the difference between a pocket full of cash and a pocket full of lint.

1. Tap(e) Into the Savings: Audiotapes, videotapes and DVDs related to business skills are most definitely deductible. "Knowledge is power and one of the traits that successful salons have is that they are ALWAYS educating themselves and their team," says Kopsa. "They educate not only on hair and products, but also on business, and other life related issues." **Kopsa Golden Rule:** Anything you purchase and utilize for your staff is deductible.

2. Non-Sufficient Clients: Nothing is more disappointing than the moment you see that personal check stamped "Non Sufficient Funds." It happens, we get it, but did you know you can deduct that service charge and any overdraft charges? Check with your tax advisor for more information and explanations of what is deductible, and pay close attention to your bank account.

[Read the BTC Top Ten Tax Deduction Article for 2008!](#)

3. Due-be-do-be-do: Your normal salon association dues are deductible, you can also deduct your Chamber of Commerce dues. But just because you can afford to belong, forget about your country club dues—they're not deductible by law! If you're paying your staff's fitness center dues, they're deductible, but you have to add the amount back into the employee's W-2.

4. Present Danger: Business related gifts for staff and clients are deductible, but you must be careful. By tax law, you can only deduct \$25 per person per year. Gifts that exceed this amount are not deductible.



5. Read All About It: All those magazines sitting out in the reception area are tax deductible including newspapers. So now there's no reason to feel ashamed for supplying clients with the trash gossip mags! Here's an added bonus: any newspaper or magazines related to the industry, even if you stash them in the back room by the espresso machine, are tax deductible.

6. Supply and Demand: Office supply expenses add up fast, and the thought of spending on paper clips, 3-ring binders and dry erase markers drives salon owners and booth renters up the wall. The great news is that those office supplies are tax deductible so save all your receipts!

7. Computer Rx: Don't you hate it when the salon computer plays the "sick" card? Calling in the Geek Squad is costly, but thankfully, it's also tax deductible. When you have to bring in the pros to fix your operating system, make note on your receipt or bill what exactly happened and why you summoned the Hard-Drive Doc.

8. Park and Ride: Fees for parking meters and stowing your car in parking lots add up fast! But these auto-centered costs, for you and your employees, are tax deductible. It might be tricky to prove how many times you fed the meter, but your tax pro can give you helpful tips on utilizing this deductible expense.

9. Petty Princess: How many times have you been out running errands and reached into your own pockets to pay for a work-related purchase? These expenditures add up in a hurry, so be sure to take the receipt back to the salon for reimbursement. It's a good idea to keep a separate organizer or envelope in your purse (or "murse" if you're a satchel-toting guy), specifically for work-related receipts. This is especially important when traveling out of town. **Kospa Factoid:** Every \$100 in purchases will normally save you \$35 in taxes.

10. Stamp of Approval: When you mail your favorite **BTC postcards and gift certificates** to your clients, you can expense the postage. Don't forget to save your receipts every time you visit the post office.

11. Helping Hand: You're an artist and a businessperson, so you probably hire experts to handle the window washing, snow removal, hedge trimming, etc. These fees are certainly deductible when they relate to the salon. **Kospa Factoid:** Tips given to drivers, maids, bellmen, etc., when traveling out of town are deductible and add up quickly.

12. Tasty Bean-efits: Coffee and beverages provided for guests and employees are deductible. The IRS considers these de minimus, which means "not worth keeping track of." Therefore, you can provide those morning wake-up cups free of charge to your staff along with your guest. The tricky part is to remember to keep all those receipts when purchasing beans, creamer, soda, etc. As a reminder, decorate an old coffee can with some sassy wrapping paper or contact paper, and use it to stash receipts.

14. Dear Abby: Anyone you bring in to assist you in the operation of your business can be written off. This includes not only the obvious experts like coaches and industry guest speakers, but also life coaches, nutritionists...even a grief team to help your staff through a painful loss.

15. Home Sweet Office: The office-in-the-home rules have changed in the last 10 years and today, many salon owners and booth renters think they would raise a red flag if they claim a home work space. Don't assume—check with your tax consultant or visit **www.irs.gov**.

16. Mootsie-Tootsie's: Did you know that your footwear can be an expensed? There's just one catch—they must be safety shoes or prescribed by a doctor. "I like to say that shoes are not



deductible unless they are really ugly!” says Kopsa. If only there was a way to get an Rx for those Jimmy Choos!

17. Party On! Promoting a fundraiser or event at your salon can be quite costly, especially if you are advertising in newspapers or on the radio. Psst...guess what? Those expenses are all deductible. You can write off salon promotions, publicity and advertising—including the Yellow Pages or a listing on www.whodoesyourhair.com, (which is free for a limited time.)

18. It's Showtime! Toying with the idea of heading to Premiere Orlando for all the excitement at the [8th Annual Stylist Choice Awards](#) on June 1st? Worried it will cost a fortune to take your team? Don't fret! Expenses for trade show and seminars pertaining to the industry are completely deductible. So I guess we'll see you at the show—right?

19. The Bus Stop: Here's great news for eco-minded hairdressers—did you know your employer could reimburse you for your public transportation? It's a fact! Your bus fare, subway or cab fare might be deductible, but before you get too excited, find out if you qualify by speaking with a tax consultant or visiting www.irs.gov.

20. Bubble-icious: The suds and softener you use to launder items at the salon, as well as the washer and dryer, can be deducted come tax time. And if your employer requires you to wear a uniform that is not suitable to wear in public, you can expense the cost of laundering the outfit.

BTC wishes you the best of luck this tax season, and may we recommend that you take your savings and visit the [BTC Bookstore](#)? After all, your purchases are tax deductible!