

19 Essential Tax Tips for Your eBay Business

So you can keep more of your hard earned money

KeepMore.net™

The Home Office deduction is no longer a 'red flag' for an audit – with proper documentation you can **legally deduct thousands of dollars** of your home expenses by working from your Home Office.

1. **Mileage** can be a significant deduction at tax time - Effective 1/1/07 - Deduct \$.485 for every business mile – 100 miles = \$48.50, 1000 mile = \$485.00, and 15000 miles = \$7275.00.
2. By having a Home Office, you will be able to **track more mileage** because you won't have to commute to your place of business. Track your spouse's auto mileage for all miles driven for your business for additional deduction from net income.
3. Don't lose out on taking a **questionable deduction** by ignoring it – ask a qualified tax advisor if it is a deductible item. Remember every legitimate expense you fail to record costs you dollars out of your pocket.
4. Use specific **credit cards 100% for business** then you can deduct 100% of all the finance charges and annual fees.
5. All **shipping and packaging costs** are deductible.
6. You can write off a portion of your **vacation costs** if it is combined with a legitimate business trip (i.e. eBay Live) and you follow all the rules and regulations related to such expenses.
7. **Office Supplies** can include such items as bottled water, wall decorations, magazines, postage stamps, videos, and emergency rations (beverages, peanuts, candy...).
8. **Gifts to clients** are 100% deductible but are limited to \$25.00 per client per year. Greeting cards used for business purposes are 100% deductible.
9. Health insurance premiums are not a deductible business expense (reduction of net income) for a sole proprietor. However, you can deduct 100% of your health insurance premiums (limited to 'net income' of your business) as an adjustment to income on your personal tax return.
10. You can deduct all your **business losses** if you keep good records to document that you are actively seeking a profit and your business expenses are all ordinary and necessary and not lavish or extravagant.
11. All **eBay fees** are deductible, including listing fees.
12. **Insurance and shipping fees** that you receive from the customer is income, but it will be offset by the cost that you pay for insurance and shipping.
13. The **cost of photographing** your items is deductible – supplies, labor, etc. The camera, if you buy one, is a capital asset – talk to your tax advisor on this one.
14. Your **Cost of Goods Sold** including the cost of purchasing the item, plus the cost of any repairs, cleaning, restoration, are deductible.
15. The **cost for subscribing to the newspaper** is deductible if the primary reason for the subscription is to locate garage sales.
16. **Driving to garage sales** is deductible if your intent is to buy and pick up items to sell.
17. **Offsite storage location** away from your home used to store inventory is a deductible business expense – but only to the extent of percentage (%) used for business purposes - if just half is used for products you sell, then you can deduct 50%. If instead you store your products in your garage, use the Office in the Home deduction and calculate square footage being used for business purposes, and take appropriate home office deductions.
18. All **eBay education costs** (training, computer training, workshops, etc.) including travel and meals while traveling are deductible business expenses.
19. **eBay related tools** to help with product sourcing, marketing, accounting, listing, etc. are all deductible. **KeepMore.net fees** are 100% deductible.



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