



Home Salon Tax Deductions

START UP COSTS

SQUARE FOOTAGE OF SALON SPACE

- Include Bathroom & Office
- Divide Work Space Square Footage With The Total Sq. Ft. Of Your Home. The % To Deduct All Eligible Home Maintenance Costs

BUSINESS LICENSE & PERMITS

BUSINESS INSURANCE

% OF MORTGAGE INTEREST & PROPERTY TAX

% HOME UTILITIES

- Electricity
- Hydro
- Heat
- Internet
- Telephone/Cell
- Security Alarm Monitoring Fees

ADVERTISING

- Online or Print Ads
- Promotional Printing
- Website Expenses

PROMOTIONAL GIFTS

- Giveaways
- Service/Product Promos

AUTO EXPENSES & MILEAGE - %

- Gas & Oil
- Parking & Tolls
- Repairs
- Insurance & Registration Fees

BANK FEES

- Merchant Processing Fees
- ATM Fees
- Monthly Service Fees
- Annual Fees
- Late Payment Fees
- Bad Debts {Invoices Not Paid}

COST OF GOODS SOLD

- Materials
- Labor

EQUIPMENT & TOOLS

EDUCATION

- Books & Reference Materials
- Workshops, Classes, Conferences
- In person or Online

DUES & SUBSCRIPTIONS

- Memberships to Professional Orgs
- Magazines, Journals, Books
- Delivery, Freight, Express & Shipping Charges

LEGAL & PROFESSIONAL FEES

- Legal Consultation
- Accounting
- Bookkeeping
- Management & Administration Fees
- Business Coach/Mentor

MEALS & ENTERTAINMENT

- **Coffee/Water/Snacks For Guests**
- Networking Meeting
- Fund-Raising Event
- Business Party Event {Limit Of 6 Per Year}

OFFICE EXPENSES

- Equipment
- Supplies
- Postage
- Software
- Booking Software
- Computer/Laptop/Tablet

REPAIRS & MAINTENANCE

- Shear Sharpening
- Salon Renos
- Cleaning Materials, Soap, Toilet Paper
- Energy Efficiency Improvements
- Entrance Curb Appeal {Shrubs/Flowers}

BUSINESS RELATED TRAVEL EXPENSES

- Airfare
- Lodging
- Ground Transportation Rentals
- Meals

CHARITABLE DONATIONS



Work Space Tax Deductions

ONE OF THE ADVANTAGES OF RUNNING A LICENCED HOME BASED BUSINESS IS THERE ARE ADDITIONAL INCOME TAX DEDUCTIONS YOU CAN CLAIM

BUSINESS USE

TO QUALIFY FOR A HOME OFFICE DEDUCTION, THE SPACE YOU'RE CLAIMING MUST BE USED EXCLUSIVELY & REGULARLY FOR BUSINESS PURPOSES. IF YOU'RE RUNNING YOUR HOME SALON BUSINESS FROM A DESIGNATED AREA WITHIN YOUR HOME, YOU'RE POTENTIALLY ELIGIBLE FOR THIS DEDUCTION.

EXPENSE ALLOCATION

WHEN YOU USE A PORTION OF YOUR HOME FOR BUSINESS, YOU CAN ALLOCATE A PORTION OF YOUR HOUSEHOLD EXPENSES – SUCH AS RENT OR MORTGAGE, UTILITIES & MAINTENANCE – TO YOUR BUSINESS ACTIVITIES. THIS ALLOCATION IS USUALLY BASED ON THE PERCENTAGE OF YOUR HOME'S TOTAL SQUARE FOOTAGE THAT YOUR HOME SALON WORKSPACE OCCUPIES.

TAX SAVINGS

BY DEDUCTING A PERCENTAGE OF YOUR HOME SALON WORKSPACE, YOU CAN REDUCE YOUR TAXABLE INCOME. THIS CAN LEAD TO LOWER OVERALL TAX LIABILITY SINCE YOU'RE ONLY PAYING TAXES ON THE INCOME THAT REMAINS AFTER DEDUCTING ELIGIBLE EXPENSES.

SIMPLIFIED OPTION

THE TAX REVENUE CANADA/IRS OFFERS A SIMPLIFIED METHOD FOR CALCULATING THE HOME OFFICE DEDUCTION. INSTEAD OF METICULOUSLY TRACKING ACTUAL EXPENSES, YOU CAN OPT TO USE A STANDARD DEDUCTION BASED ON THE SQUARE FOOTAGE OF YOUR HOME OFFICE SPACE. THIS CAN SIMPLIFY THE PROCESS & MAKE IT EASIER TO CLAIM THE DEDUCTION.

REGULAR AND EXCLUSIVE USE

IT'S IMPORTANT TO NOTE THAT THE SPACE CLAIMED FOR THE HOME OFFICE DEDUCTION MUST BE USED EXCLUSIVELY FOR BUSINESS PURPOSES & ON A REGULAR BASIS. THIS MEANS YOU CAN'T USE THE SPACE FOR PERSONAL ACTIVITIES OR SPORADIC BUSINESS USE.

DOCUMENTATION REQUIRED

WHILE YOU MIGHT NOT NEED TO PROVIDE THIS DOCUMENTATION DURING TAX FILING, IT'S IMPORTANT TO KEEP RECORDS OF YOUR HOME SALON WORKSPACE, SUCH AS PHOTOS, MEASUREMENTS & SUPPORTING DOCUMENTATION FOR EXPENSES CLAIMED.

WORK SPACE DECUCTION

SQUARE FOOT OF WORK SPACE: _____

SQUARE FOOT OF BATHROOM: _____

SQUARE FOOT OF OFFICE: _____

ADDITION % DEDUCTIONS

MORTGAGE INTEREST: _____

PROPERTY TAX: _____

HOMEOWNER INSURANCE: _____

UTILITIES: _____

HOME MAINTENANCE: _____