

10 Proven Strategies to Lower Your Schedule C Taxes

Tax Strategy	How It Works	Institute Article <small>(click article title for live link)</small>
Use a Section 105 plan to turn your health insurance costs into business expenses	<p>If you're married, with no employees in your proprietorship, you hire your spouse as an employee, and cover him or her with a Section 105-HRA family medical expense plan.</p> <p>If you're single with no employees, you form a C corporation to create this business deduction.</p>	Blueprint for Employee-Spouse 105-HRA (Health Reimbursement Arrangement)
Employ your under-age-18 child to make taxes disappear	<p>When you hire your under-age-18 child, you shift taxable income from you to your child, free of payroll taxes. With the new standard deduction, your child could have more than \$12,000 in tax-free income. (Think deduction for you, no taxable income for your child.)</p>	Hire Your Kids to Work in Your LLC or Sole Proprietorship and Put a Huge Chunk of Their Pay Back in Your Pocket
Employ your spouse without paying him or her a wage	<p>Instead of paying your employee-spouse wages on a W-2, you can reimburse as remuneration all family medical expenses. This allows you to use medical expenses as a deduction against your business income, where the deduction reduces both self-employment and income taxes.</p>	Legal Structure to Save Taxes for Husband-and-Wife Business (Part 1 of 2)

<p>Rent from your spouse to save self-employment taxes</p>	<p>If you own an office building or other assets, a rental arrangement with your spouse could significantly cut your self-employment taxes by enabling you to move income from Schedule C to Schedule E.</p>	<p>Reduce Self-Employment Taxes by Renting from Your Spouse</p>
<p>Establish a home office as a principal office to increase business vehicle deductions and turn personal expenses into business expenses</p>	<p>The home office deduction allows you to convert a portion of your non-deductible personal expenses, such as utilities and insurance, into deductible business expenses and to depreciate a portion of your home as business property.</p> <p>When you make your home office a principal place of business (this is easy-peasy), the mileage driven between your home and your downtown office transforms from non-deductible commuting miles to deductible business miles.</p>	<p>Test Your Tax IQ: Home-Office Tax Deduction with Regular Office</p>
<p>Identify <i>de minimis</i> fringe benefits that you can enjoy personally</p>	<p>Under the <i>de minimis</i> fringe benefit rules, your business deducts the cost of flowers, fruit, books, and similar items given to you or your employees under special circumstances. The recipients (both you and your employees) receive these fringe benefits tax-free. Send yourself flowers today!</p>	<p>Flowers, Fruit, Books: Tax-Free Fringe Benefits You Have to Like</p>
<p>Combine the home office with a heavy vehicle to grab big deductions this year</p>	<p>You find major tax savings with the heavy vehicle and home office combo. The heavy vehicle produces quick deductions. The home office that qualifies as a principal office eliminates commuting miles, which can dramatically increase your vehicle's business deductions.</p>	<p>Heavy Vehicle + Deductible Home Office = Major Tax Savings</p>
<p>Sandwich weekend and standby days to create more fun on U.S. business trips</p>	<p>When your business travel is in the United States and includes qualifying non-working days, such as weekend or standby days, you treat those qualifying personal days as business days and deduct meals, lodging, etc.</p>	<p>Five Rules for Turning Your Vacation—Even a Luxurious One—into Tax-Deductible Business Travel</p>

<p>Use the seven-day rule to create business trips that are 87 percent vacation</p>	<p>If you travel for seven or less days to Canada, Mexico, Jamaica, or a similar destination, you deduct 100 percent of your transportation costs of getting to and from your foreign business destination—even if you work only one day.</p>	<p>How to Travel to Exotic Locations Using the Seven-Day Travel Rule</p>
<p>Know the new smartphone rule that makes it easy to deduct your and your employees' phones</p>	<p>The tax code removed the smartphone from the dreaded “listed property” category, making your business smartphone easy to deduct.</p> <p>In addition, you can give your employees smartphones or reimburse their personal phones as working condition fringe benefits (deductible for you and not taxable to your employees).</p>	<p>Create Tax-Free Fringe Benefit Deductions for Your Smartphone</p>