THE 2026 EDITION

Small Business Tax Deductions & Savings Guide

Your money works hard. Let’s make sure your records do too.

COOKS
ACCOUNTING SOLUTIONS LLC.

Created by Cooks Accounting Solutions LLC | Brittany Cooks, EA

A NOTE FROM YOUR TAX PROFESSIONAL

A practical reference for business owners, independent contractors, and entrepreneurs. This is a guide to potential deductions, not a promise that every expense on this page is deductible for every business.

THE FUNNY (BUT LEGALLY IMPORTANT) DISCLAIMER

Listen, I love a good write-off just as much as the next business owner. But buying something with your business debit card does not magically make it a tax deduction. The IRS does not accept “because I said so” as documentation, and neither do we. Keep your receipts, separate business from personal, and please do not call that family vacation a board meeting just because you answered two emails by the pool.

This guide is educational, not individualized tax or legal advice. Eligibility depends on facts, business purpose, supporting records, current law, and your tax situation. Reading this guide does not create an engagement with Cooks Accounting Solutions LLC. Tax preparation, representation, and advisory services require a signed engagement agreement. When in doubt, ask before you spend.

01 | Core operating deductions

Common ordinary and necessary expenses. Deduct only the documented business portion.

Advertising & promotion

- Social media, search, and print ads
- Website design, SEO, branding, flyers
- Business photography and marketing content

Sponsorships require a documented business purpose.

Digital tools & technology

- Accounting, invoicing, CRM, and AI subscriptions
- Cloud storage, cybersecurity, domains, hosting
- Business-use apps, e-signature, and automation

Allocate mixed personal/business subscriptions.

Professional services

- Accounting, bookkeeping, tax preparation
- Business legal services and consultants
- Business coaching and technical advice

Some formation or acquisition costs must be capitalized.

Banking & payment fees

- Merchant processing and transaction charges
- Business bank and ACH fees
- Business credit-card annual fees

Personal fines and nonbusiness charges are excluded.

Office & communications

- Office supplies, printing, shipping, postage
- Business phone and internet share
- Workspace rent and office utilities

An office building mortgage principal is not rent.

Licenses & memberships

- Business permits and professional licenses
- Industry dues and trade memberships
- Eligible industry continuing education

Entertainment/social club dues may be nondeductible.

Insurance & security

- General liability, E&O;, workers comp
- Business property and cyber insurance
- Security monitoring and alarms

Policies must relate to business or meet special rules.

Contractors & outsourced help

- Virtual assistants and freelancers
- Designers, consultants, subcontractors
- Business administrative support

Collect W-9s and evaluate 1099 reporting.

Business expense rule: The IRS generally requires an expense to be ordinary and necessary, and some categories have special limitations or capitalization rules. Keep invoices, receipts, bank records, and a clear business purpose.

02 | Operations, products & growth

Additional categories that may apply depending on how your business operates.

Cost of goods sold

- Inventory and product purchases
- Raw materials, packaging, direct labor
- Freight-in and production supplies

COGS is calculated separately from many operating expenses.

Equipment & furnishings

- Computers, printers, tools, machinery
- Business furniture and qualifying devices
- Equipment leases and repairs

Larger purchases may need capitalization, Section 179 or depreciation.

Payroll & workforce

- Wages and employer payroll taxes
- Payroll processing and employer benefits
- Qualifying employee training and uniforms

Owner draws are not wage deductions.

Travel & business meals

- Qualifying airfare, lodging, transportation
- Documented business meals, usually 50%
- Business parking and tolls

Travel must meet business-purpose requirements.

Shipping, storage & delivery

- Postage, freight-out and fulfillment
- Warehouse or inventory storage
- Business courier and shipping materials

Keep COGS and selling expenses separated.

Vehicle & mobile operations

- Qualifying business miles or actual costs
- Business tolls, parking, registration
- Service and maintenance: business-use share

Loan principal/car payments are not simply deductible.

Education & certifications

- Qualifying job-related courses
- Training, conferences, reference materials
- CE and professional exams when eligible

Education that qualifies you for a new trade may not qualify.

Other specialized costs

- Business research and product development
- Qualified startup and organizational costs
- Industry-specific supplies and safety gear

R&D;, startup costs, and capital purchases have special rules.

New-age business costs count too: Documented AI assistants, paid digital communities, customer support software, virtual receptionists, security services, and web tools may be deductible when ordinary, necessary, and truly business-related.

03 | What is NOT an automatic write-off

This is where many small business owners unintentionally create tax problems.

Car payments
Financed vehicle loan principal is generally not an expense. Review depreciation, loan interest, or eligible mileage/actual vehicle costs instead.

Office mortgage payment
Business mortgage principal is not a routine expense. Interest, depreciation and qualifying property expenses follow their own rules.

Personal clothing
Ordinary everyday clothing is usually not deductible. A logo alone does not automatically make clothing deductible; protective or required workwear must meet the rules.

Entertainment
Most entertainment expenses are nondeductible even when connected to business. Separate qualifying business meals from entertainment.

Personal meals and commuting
Regular meals and travel between home and a regular workplace are generally personal.

Fines, owner draws, personal spending
Fines and penalties generally are not deductible. Owner draws and personal purchases are not business expenses.

Client gifts
Business gifts are generally subject to a $25-per-recipient annual limit, with specific exceptions.

Mixed-use costs
Only the supported business share of internet, phone, travel, vehicle, and similar expenses belongs on the business return.

04 | 2026 tax-law updates

Federal highlights for tax year 2026. These are rules to evaluate, not automatic benefits.

Business mileage

72.5¢ per mile from January 1–June 30, 2026; 76¢ per mile from July 1–December 31, 2026. Maintain a contemporaneous mileage log. Standard-mileage eligibility rules apply.

1099-NEC contractor payments

Generally, the reporting threshold for qualifying nonemployee service payments made in 2026 is $2,000, rather than the pre-2026 $600 threshold. Exceptions and payment-platform reporting rules may apply.

Section 179 for 2026

Maximum deduction: $2,560,000, subject to the $4,090,000 phaseout threshold, income limitations, and property eligibility. The 2026 special SUV Section 179 limit is $32,000.

100% bonus depreciation

Restored for eligible qualified property acquired after January 19, 2025, subject to the acquisition, placed-in-service, vehicle and other rules. Do not assume every asset qualifies.

Qualified business income (QBI)

The Section 199A deduction has been made permanent, but eligible business income, income thresholds, entity type, wages, and property limitations can affect the result.

Research and development

Qualifying domestic research or experimental expenditures may be currently deductible under revised rules; other research spending may be treated differently.

Home office

Eligible self-employed filers may compare actual expenses against the simplified option of $5 per qualifying square foot up to 300 square feet. Regular and exclusive use rules generally apply.

Meals & gifts

Qualifying business meals are usually subject to a 50% limit; business gifts are generally limited to $25 per recipient annually. Record attendees, business purpose and receipts.

05 | Keep the receipts, keep the deductions

The paper trail is what turns a possible deduction into a supportable one.

- Business bank and credit-card statements
- Paid invoices, receipts, and proof of business purpose
- Mileage log and dates of business trips
- W-9 forms and contractor payment totals
- Payroll reports, employee reimbursements, and benefits
- Inventory counts and cost-of-goods-sold reports
- Asset purchase dates and depreciation schedules
- Home office measurements and expense records
- Business licenses, state reports, and sales tax records
- Sales reports for 1099-K and merchant processor reconciliation

THE CAS RULE OF THUMB

Before spending money to “save on taxes,” ask: **Would I still buy this if there were no deduction?** A deduction reduces taxable income. It does not mean the IRS is reimbursing every dollar you spent.

Sources & update reference

• IRS, Small business recordkeeping and ordinary/necessary expenses: irs.gov/publications/p583
• IRS, standard mileage rates: irs.gov/tax-professionals/standard-mileage-rates
• IRS, Form 1099 reporting threshold: irs.gov/businesses/small-businesses-self-employed/am-i-required-to-file-a-form-1099-or-other-information-return
• IRS, Publication 946 / 2026 Section 179: irs.gov/publications/p946
• IRS, Working Families Tax Cuts - Businesses: irs.gov/newsroom/working-families-tax-cuts-businesses
• IRS, simplified home office deduction: irs.gov/businesses/small-businesses-self-employed/simplified-option-for-home-office-deduction

Cooks Accounting Solutions LLC | Brittany Cooks, EA | www.cooksasllc.com