

Tax Deductions for MLM/Direct Marketing

Income

Gross receipts from sales and/or services	Copies of checks, invoices from sales, commissions, and/or bonuses, statements, 1099 Forms
Other Income	Income from ownership in another business (K1 forms) interest on bank accounts or loans made to someone else

Expenses

Accounting	Receipts for your accounting kit, computer programs, tax preparation, phone apps, accountant fees
Advertising	Business cards, information packets, free samples, flyers, product testing, social media, contest prizes, promotional costs that create good will such as sponsorships of sports teams
Bank Charges	Fees charged by banks to maintain an account, wire fees, ATM withdraw, or other bank services
Children Paid	Money paid to children for helping with such things as delivering flyers and/or product, stuffing envelopes, cleaning office and/or car, modeling, helping with events. Must keep a detailed log of tasks and how paid.
Commissions and Fees	Commissions to down line or up line, yearly and/or monthly fees
Computer, Internet, and Tech	Software, Online services, Internet expense, computer maintenance
Contract Labor	Services paid to individuals and sub-contractors. You must issue a form 1099 MISC to any individual that is paid over \$600 in a year.
Costs of Goods Sold	Cost of products sold whether sold wholesale or retail, initial kit purchase
Demonstration/Trade Shows	Rent of venue, samples, give aways, downline, presentation supplies, etc.
Dues and Subscriptions	Dues to professional organizations and magazines that have to do with your trade or business, yearly dues to maintain position
Educational Expense	Books, classes, conferences, and seminars
Event Expense	Exhibits for publicity. Costs include venue expense, displays, food, samples, etc.
Home Office	A separate room in your home to do business and accounting. A percentage of utility bills, home owners or renters insurance, property tax, mortgage interest, refinance fees, repairs and maintenance, cleaning supplies, office decor, or furniture etc. may be taken. It is determined by square footage of office space vs square footage of the entire house

Insurance	Professional insurance, liability, vehicle, health, property, key man life, unemployment, workers comp, cyber liability
Interest	Interest paid on loans for equipment, mortgages, business buildings, business loans, lines of credit, credit cards, etc.
Janitorial Expense	Costs for an individual or company to clean office space, shop space, and grounds
Laundry and Cleaning	Includes uniforms and protective clothing and when you are out of town. Uniforms must have company logo
Legal and Professional Services	Attorneys, accountants, and consulting
Licenses	Business, professional, city, and state licenses
Meetings	Rent or lease of a building refreshments, pens, handouts, samples, etc.
Mileage	There are two ways to take a vehicle expense. If you choose mileage, you take the mileage used when picking up product, supplies, office supplies, meetings, handing out advertising or business cards, meals with clients, etc. The second option is Vehicle (see Vehicle deduction).
Merchant Fees	Credit card convenience fees to take payments by credit card such as merchant services Square, PayPal, etc.
Office Expense other than consumables	Office supplies, forms and receipt books, postage, and/or phone apps
Office Space Rent	Rental fees for equipment booths for shows, technical equipment, storage of equipment or products, and/or rooms for meetings
Officer Wages	The IRS law states that an officer (owner) of a corporation, must be paid a reasonable wage for services rendered to the company. They must be paid with a W-2 just like all employees.
Purchases	Any equipment, office furniture, computers, vehicles that cost over \$500
Repairs	Repairs to equipment such as computers, office equipment, electronic equipment, furniture, etc.
Refunds and Allowances	Money refunded for returned products or services, discounts given and rebates on sales
Shipping/Postage	Cost to mail or ship products and general postage
Small Equipment	Any equipment that costs less than \$500
Supplies	Product samples, supplies to demonstrate products, refreshments, and supplies for meetings, motivational materials, catalogs, and/or brochures
Taxes	Taxes on property, payroll, sales tax,
Telephone	Cell phone, extra phone lines into home for business, fax, Internet, office land line
Travel	Hotels, airfare, cab fare (ex. Uber or Lyft), public transit, parking, cleaning while away from home, business trip log, bus, train, shipping business materials, parking, tolls etc.

Utilities	Electricity, gas, water, sewer, trash, HOA fees for office, shop or any other facility. See Home Office deduction for deductibility of home utilities
Vehicle	There are two ways to take a vehicle expense. If you choose vehicle, you take the expense using the vehicle: fuel, parts, mechanics, oil changes, car washes, insurance, etc. Along with taking the vehicle expense you can also depreciate the vehicle. Note that unless the vehicle is used solely for the business you must track business use vs. personal use. The second option is Mileage (see Mileage deduction).
Wages	Salaries, wages, bonuses, and commissions paid to employees. An Employee is an individual who an employer controls where, when, and how the work is done, hours worked and use of equipment.
Website Expense	Internet hosting and services, website design, and maintenance