

Independent 22 TAX DEDUCTIONS FOR *Contractors*



*and why every contractor
needs to hire a bookkeeper...*

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by Pete Corrao E.A.

Let's face it —being an independent contractor is a lot of work. Besides your trade, you do the scheduling, the billing, the collecting, and the bookkeeping too, you do *everything!* If you want to grow your business, you'll need help with the bookkeeping, payroll, and tax preparation. You may be wondering how to file your taxes or what expenses are deductible; will you owe money or receive a refund? If you have any of these concerns, you've come to the right place for answers!

Congratulations! You've taken the first step and started your own business as an independent contractor. While it pays the rent and puts food on the table, it creates a whole list of new problems, like how to file your taxes as a self-employed person rather than a wage earner. Then you discovered that since no taxes were withheld from your checks, you now have a large tax bill. How can you fix that?

The best way to begin a tax reduction strategy is to convert as many personal expenses as you can into tax-deductible business expenses. Your automobile, cell phone, internet and that office with your computer can all be converted into legitimate, tax-deductible expenses. That can save you thousands of dollars in taxes and it's all perfectly legal.

There are dozens of tax deductions available to the independent subcontractors, deductions that are not available to the W2 wage earner.

Maybe you're still working a 9-to-5 and doing contracting work on the side. Your small home-based business will create a wealth of legal tax-deductible expenses and all my customers who are business owners know this.

HOW DO I GET STARTED?

Independent Contractors

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Not sure how to get started? No problem. The following uses a roofer as an example but you can insert electrician, plumber, painter, drywall, or any of the building trades that you work in.

Let's say you've worked as a roofer for a big roofing company for several years. Over time, you've developed the skills necessary to do roofing repairs and re-roof houses and you've acquired the basic tools and equipment necessary to do this type of work.

At this point you can start a sideline roofing business while still keeping your full time job, this is the path I recommend. You gain valuable experience on how to run a successful roofing business and you build a list of customers that need roofing work. And, at the same time, you keep your day job and your steady paycheck.

Eventually, your sideline roofing business will make as much money as your day job and at that point it's a pretty safe bet to quit your day job and go full time in your roofing business.

I recommend you start small and conservatively the first year or two on your own. Don't go crazy buying a brand new truck, renting a huge building and buying all kinds of tools and equipment on credit.

Use your existing truck or buy an inexpensive used truck if you don't have one. You can pick up used tools at various places like garage sales and swap meets. You don't need to rent a building; you can work from your house. I've been working from my house for over 20 years, it works just fine, and I've saved a ton of money not having to rent an office building.

Right now is a great time to start your subcontracting business right out of your house and turn it into a money generating, tax deductible, legitimate business. I can show how to save thousands of dollars in taxes by starting your own subcontracting business. If you are ready to do that, call me right now at (520) 975-7701 or email me at petercorrao1@gmail.com and let's set up a meeting. I will make sure everything is done correctly so that when tax time comes, you are ready to go!

On the following pages is a list of tax deductible expenses available to subcontractors in the construction trades.



There is only one boss: the customer. And he can fire everybody in the company, from the chairman on down, simply by spending his money somewhere else.

—Sam Walton,
founder,
Wal-Mart Stores

While business requirements and individual preferences vary, the items listed below are some of the most common deductions for subcontractors. Remember that proper record keeping is essential when claiming deductions. Keep detailed and accurate records of all expenses related to your subcontracting business, including receipts, invoices, and other relevant documentation. I must emphasize that tax laws can be complex and subject to change, so it's essential to consult a tax professional to ensure you are taking advantage of all the tax deductions available to you and complying with the applicable tax regulations.

- 1. Advertising and marketing:** Expenses related to advertising your services, such as business cards, website costs, and online ads.
- 2. Business-related meals:** In most cases, a portion of business-related meal expenses may be deductible.
- 3. Construction bonds:** Subcontractors may be required to purchase surety bonds for specific projects. The premiums paid for these bonds are typically tax-deductible business expenses.
- 4. Construction subcontractors:** Contractors frequently hire subcontractors to help with specific tasks on a project. Payments made to subcontractors are generally deductible as business expenses.
- 5. Education and training:** Costs associated with continuing education and training relevant to your subcontracting work.
- 6. Heavy Equipment and Machinery:** Subcontractors may have substantial expenses related to purchasing or leasing heavy equipment and machinery, leading to higher depreciation deductions.
- 7. Home office expenses:** If you have a dedicated home office space used exclusively for your subcontracting business, you can deduct a portion of mortgage interest or rent, utilities, insurance and internet.
- 8. Insurance Premiums:** Subcontractors in the construction industry often require various insurance policies, such as liability insurance, workers' compensation, and builder's risk insurance, to protect against potential risks on the job site. These insurance premiums can be tax-deductible.
- 9. Job site expenses:** Subcontractors in the construction industry often have significant job site expenses, such as equipment rentals, specialized tools, and construction materials. These expenses are generally deductible.



*“The rich stay rich
because they act
poor...
The poor stay poor
because they act
rich!”*

—Lynn Richardson

- 10. Labor Costs:** While labor costs are common to all businesses, the construction industry is labor-intensive, and subcontractors might have higher labor expenses, which could lead to more substantial deductions.
- 11. Materials and supplies:** Costs incurred for construction materials, safety gear, and any other supplies necessary for the job.
- 12. Office supplies and expenses:** The cost of office-related supplies like computers, printers, paper, ink, and stationery are deductible.
- 13. Permits and fees:** Subcontractors often need various permits and licenses for their projects. The fees associated with obtaining these permits and licenses are typically deductible.
- 14. Professional fees:** Fees paid to accountants, lawyers, or business consultants for their services related to your subcontracting business.
- 15. Retirement contributions:** Contributions to retirement plans, such as a Simplified Employee Pension (SEP) IRA, Simple IRA or a Solo 401(k) are all deductible expenses.
- 16. Safety Equipment and Gear:** Due to the inherently risky nature of construction work, safety-related expenses, such as safety training, protective gear, and safety equipment, are particularly relevant to the construction industry and can be deductible.
- 17. Work clothing:** The cost of purchasing and maintaining work-specific clothing required for your subcontracting work.
- 18. Subcontractor labor costs:** If you hire other subcontractors to assist you with specific projects, their labor costs are generally deductible.
- 19. Tools and equipment:** The cost of purchasing, repairing, or leasing tools and equipment necessary for your subcontracting work.
- 20. Travel expenses:** Subcontractors might have to travel between multiple job sites or to meet with clients. Travel expenses, including mileage, lodging, and meals, can be tax-deductible if they are business-related.
- 21. Vehicle expenses:** Deductible mileage or actual expenses related to business use of your vehicle, such as fuel, maintenance, insurance, and depreciation.
- 22. Worksite Facilities:** Subcontractors may need to set up temporary worksite facilities, such as trailers or portable offices, which could be eligible for deductions.



*Your level of
success in
life is directly
proportional
to your level of
planning and
control.*

—Charles Givens

CONSIDER THIS...

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bookkeeper...

As you can see from the previous list, there are many deductible expenses available to construction workers and subcontractors that will lower your tax bill if you know what to look for. Hopefully, the list I just provided will get you started. Here are a few more things for you to consider:

I specialize in startup companies like yours...

Are you starting your first business and you're not sure what to do? Do you love doing your business but hate doing the books? I've helped dozens of contractors get out of debt and start making money – *and I want to do the same for you!*

Stop stressing...

Leave the bookkeeping, payroll, and taxes to me so you can *do what you love!*

How much did you pay in taxes last year?

Did you get a tax refund last year? Are you deducting your automobile, home office, cell phone and internet? Do you understand the difference between a salary and a distribution? *If you didn't answer yes to all these questions, you're paying thousands more in taxes than you should!*

Are you tired of doing everything yourself?

How cool would it be if the same person did your bookkeeping, handled your payroll, prepared your tax returns, and saved you thousands of dollars in taxes? *I want to be that person for you!* I do more than “just taxes” or “just bookkeeping.” I want to be your outsourced accountant that handles it all for you, for one flat monthly fee!

Want to save thousands of dollars in taxes?

If you don't have an accountant that's helping you maximize your business entity type, (typically an S-Corp), helping you maximize your retirement savings, and helping you strategically build wealth in a tax efficient manner, you're using the wrong accountant!

Want to know more?

Contact Pete Corrao, E.A. owner of Peter F Corrao LLC:

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Pete Corrao is an E.A. or an Enrolled Agent. That means he is enrolled to practice before the IRS. Only EAs, CPAs and attorneys may represent taxpayers before the IRS. Enrolled agent status is the highest credential the IRS awards. Individuals who obtain this elite status must pass a three-part exam, adhere to ethical standards, and complete 72 hours of continuing education courses every three years. The Enrolled Agent profession dates to 1884 when, after questionable claims had been presented for Civil War losses, Congress acted to regulate persons who represented citizens in their dealings with the Treasury Department.



*Those who say
winning isn't
everything have
probably never won
anything.*

—Anonymous

MY PREMIUM ACCOUNTING PACKAGE

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Because I deal exclusively with contractors in the building trades, I'm an expert in the tax-deductible expenses that are applicable to this industry. Do your due diligence and check out other bookkeepers and see if they offer everything I offer: bookkeeping, payroll, tax planning, tax preparation, all from the same person, plus no charge to call with any questions you have, all for one flat monthly fee!

Below is a list of all the services **that are included** in your monthly accounting package when you sign up with Peter F Corrao LLC:

- Cleanup and establish a perfect chart of accounts
- Analyze your tax and financial situations
- Create a comprehensive tax reduction plan
- Provide bulletproof monthly bookkeeping
- Reconcile all accounts with bank statements
- Reconcile Payroll through a 3rd party
- Provide monthly financial reports
- Provide monthly tax projection reports
- Meet as needed to make tax mitigation decisions
- Close out your books & perform year-end reports
- Make year end tax season a breeze
- Prepare and file your business & personal taxes
- Guide you to build tax efficient wealth

And if you want to attain wealth, you must do the following:

- Get your taxes down to the legal limit.
- Get tax planning advice.
- Save a minimum of 10% and invest it.
- Invest in yourself through knowledge and education.
- Own your own business.



*The secret of staying
afloat in business is
to create something
people will pay for.*

–Thomas Edison

WHAT CLIENTS SAY ABOUT PETE...

"... a role model on how small business should operate!"

"Pete has been providing me with excellent tax service since 2012 and I have to say I could not have been this successful with peace of mind without his service. When you call Pete you are assured to get a very quick response to your question. To sum it up, he is easy to get along with, flexible, and reliable. Pete, you are a role model on how a small business should operate!"

-Jim G., Tucson Arizona.

"... he's always available"

"Pete is a blessing to our company! We started an HVAC company in 2011 and have used Pete since the start. We put all our trust in Pete when it comes to our business finances and we are never disappointed. He is always available and answers all of our questions in terms we can understand. He is very knowledgeable and very personal. We truly trust Pete and honor his ideas for our company. We would never go anywhere else. Pete truly is a blessing to our company!"

-Danielle M., Tucson Arizona.

"... extremely accommodating of my hectic schedule"

"My companies have worked with Pete for a number of years now. He is extremely accommodating of my hectic schedule and quickly adapts to my pace. I have called Pete at various times to look up information for me while I was on the go; every time I am in need of any assistance he happily obliges. Not only do I like his attention to detail and able advice I also like to work with someone as humble and professional as he. I have recommended him in the past and will continue to do so."

-Tara B., Tucson Arizona.

"...painless and easy to deal with"

"As a newly self-employed person, Pete's tax expertise made the new tax variables facing me painless and easy to deal with. With one short meeting, Pete assuaged any anxieties I felt and explained everything I needed to know in simple layman's terms. I highly recommend Pete for your tax and bookkeeping needs."

-Rush D., Tucson Arizona.

"... saved me 3 times the cost of his fees"

"Pete has been a fantastic asset for my small business needs as well as my own personal needs in navigating the labyrinthine tax structure at both the federal and state level. He has historically saved me 3 times the cost of his fees. Pete is an exceptional tax advisor, and I highly recommend him to anyone desiring to have a professionally competent and ethical ally in that mysterious place known as "tax world."

-Larry B., Tucson Arizona.

"... going to a retail tax office seems unimaginable"

"I have had 3 years of excellent service from Pete. He is by far the friendliest, most informative tax professional I have ever had the privilege of using. He helped us when we owned our restaurant business, and we will continue to use his services for our personal taxes for however long he continues to offer them. Going back to a retail tax office just seems unimaginable after being treated so well, keep up the good work Pete!"

-Mike J., Tucson Arizona.

"... the best in the business"

"Pete is the best in the business. When my previous tax specialist passed away unexpectedly leaving my taxes half finished, a friend recommended giving Pete a call. He was able to pick up the pieces of my return and had me ready to file in no time. We've been doing business ever since. Thanks Pete!"

-Hunt S., Tucson Arizona.

"... the best tax preparer I've ever had"

Pete has provided me with friendly, reliable tax services for several years. As a freelance writer with no inclination toward numbers, I require someone who can find all my deductions, estimate my quarterlies, and help me legally pay my vendors without stressing me out in any way, and Pete does the job admirably. He's the best tax preparer I've ever had!

-Monica F., Tucson Arizona.