

If you are self-employed, are you taking these 4 tax breaks?

When it comes to taxes, being self-employed has some advantages. Whether you work for yourself on a full-time basis or just do a little moonlighting on the side, the government has provided you with a variety of attractive tax breaks.

* Save for retirement. When you are self-employed, you are allowed to set up a retirement plan for your business. Remember, contributing to a retirement plan is one of the best tax shelters available to you during your working years.

Take a look at the SIMPLE IRA, SEP IRA, or Solo 401(k), and determine which plan works best for you.

* Hire your kids. If your business is unincorporated, employing your child under the age of 18 might make sense. Your child's earnings are exempt from social security, Medicare, and federal unemployment taxes. This year, your son or daughter can earn as much as \$6,200 and owe no income taxes. You get to deduct the wages paid as a business expense.

* Deduct health insurance. Are you paying your own medical or dental insurance? How about long-term care insurance? As a self-employed individual, you may be able to deduct 100% of the cost of these premiums as an "above the line" deduction, subject to certain restrictions.

* Take business-use deductions. Self-employed individuals can also deduct "mixed-use" items directly against their business income. Use your car for business and you can deduct 56¢ per business mile driven. The business-use portion of your computer purchases, Internet access, and wireless phone bills is also allowable. If you meet the strict requirements, claiming the home office deduction makes a portion of your home expenses tax-deductible.

The best approach is proactive professional tax planning during the tax year to receive the optimum tax benefits. If you are interested, see our web site at <http://mangoldcpa.com/tax-services.asp> and call our office soon to request a free thirty-minute appointment to discuss if we can help you.