

List of Tax Deductions That Cosmetologists Can Claim

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Cosmetologists who own salons are small business owners and must track all income and expenses for tax purposes. Operators who rent booth space are also considered independent contractors and not employees of a salon. As independent contractors, cosmetologists renting booth space are also responsible for business taxes. Though many tax deductions are available to small business owners, some deductions are common to all cosmetologists, such as licensing fees, booth space rental, supplies and office expenses, and business related insurance expenses

Licensing

Small business owners may deduct the costs of professional licensing and education expenses to maintain that licensing. Individual states also require continuing education to maintain active cosmetologist licenses. The IRS allows independent contractors to deduct costs of education required to maintain an active license on an income tax return. Keep records of all licensing and required education expenses, including original receipts and invoices as well as a log of courses, dates and locations.

Rents

Just as salon owners pay rent for their business space, as an independent cosmetologist you are required to pay regular rent for your work space. This rent is deductible as a business expense on your tax return. Keep copies of your booth rental agreement and receipts for rents paid to the salon owner as documentation of your rents paid for tax purposes.

Supplies

Independent cosmetologists must maintain their own cache of combs, shampoo, conditioner and hair gels. You can deduct these expenses against your income received to reduce your tax liability. Related deductible business expenses include appointment books, pens, pencils, business cards and magazines for customers.

Insurance

Many professionals carry liability or similar business insurance in their practices. Cosmetologists may be required to obtain business liability insurance as a prerequisite for renting booth space at a salon. This expense is directly deductible as a business expenses. Talk with your tax advisor regarding other insurance costs, such as health insurance premiums, that may be deductible in your business.

Source

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