

00:00:00 Hey everybody. Welcome back to the Hair of the Dog podcast. I'm your host Nicole Begley, and today we are talking about tax deductions and retirement savings. I promise it's going to be much more interesting and exciting than it sounds. We have back one of my favorite guests to talk about all things, numbers, taxes, retirement, all the stuff Tiffany Bastion from Bastion Accounting,

00:00:22 who is a enrolled agent with the IRS that specializes in helping photographers and photographers only. So this is gonna be a great conversation, really built around what is and isn't deductible in your business, as well as how to potentially save lots of money for your future retirement that your future self will thank you profusely for. So make sure you take a listen. Oh,

00:00:46 and also if you're not in the US I think this is probably still worthwhile listening because even though we'll be talking about US tax law, some of the things are likely also deductible in your country so that you can look into that and at least know what questions to ask your tax professional that you work with in your country. So stay tuned and enjoy. Welcome to the Hair of the Dog podcast.

00:01:12 If you are a pet photographer ready to make more money and start living a life by your design, you've come to the right place. And now your host pet photographer, travel addicts, chocolate martini connoisseur, Nicole Begley. Hey everybody, welcome to the Hair of the Dog podcast. I am back with one of my favorite number loving guests, Tiffany Basian.

00:01:36 Tiffany Basian Accounting. Welcome back, Tiffany. Yes, thank you for having me. Of course, of course. It is quarter one, which is like, is that accountant's favorite season or most horrified season? I feel like it's just, it's the feet of strength. We make it through Coffee, more coffee we Make. Yes, yes. It's the abundance season.

00:02:02 That's what people call it now. Instead of saying it's busy, it's the abundance season. Oh, Okay. All right. I like it. I like it. Perfect. So yeah, so we were thinking today of having you on the podcast because it is, you know, end of the year people are starting to prep for tax season and all of those things.

00:02:20 And we wanted to talk about two things about what actually is potentially deductible to look at in your business and then also what kind of retirement options people might have because you know, we're all self-employed, so that opens up a couple interesting doors that we can talk about. So yeah, so that's what we wanted to dive into today. For sure, for sure.

00:02:41 Awesome. So yeah, let's start with, let's start with like tax deduction stuff. I mean, I know as business owners who like obviously know that okay, when we buy wall art that we're selling or from marketing, you know, our cost of good sold is deductible and some of our expenses, all of our expenses and our business just about our deductible.

00:03:00 But there's a lot of what really truly is deductible that I think people worry

that are not, or like maybe some gray areas that we can kind of touch on today that people are like, I don't know, is it, is it not? So yeah. So let's kind of start diving into to some of them for sure. Yeah. Where do we wanna start?

00:03:23 Do we wanna start? Well I mean I kinda have a, I sort of have an alphabetized list here, so we kinda Okay, perfect. Some of these. That Works. I love it. So obviously advertising. Okay. Yep. But you know, I think advertising oftentimes is more than people think it is or realize it is too, right?

00:03:37 So your Facebook ads, like that's that kind of stuff if you're doing things like that. But then trade shows, people go to trade shows and I think they get caught up in that cause it involves travel and other things and maybe kinda lose sight of like, oh yeah, this is a business deduction too. Right. And that would be like if you're doing like a community day,

00:03:55 you're local shelters putting on and you're having a booth there. Yeah. Like so it could be small or If you're going to like an event, like a photography event where you're like gonna go there and you know, maybe it's more, more in the the wedding ar arena where people will go to these big wedding expos. Oh right. You know, for that and like book people while they're there,

00:04:10 but that's advertising. Yep. But my favorite is your own brand photo shoot. Oh yes, a hundred percent. I feel like I get that question all the time. Like and your hair and makeup, like if it's for that event and it's something you're doing for your marketing and, and you go get a blowout and you go do some brand, brand shoots for your website,

00:04:28 that is definitely a deduction. And I used to do those quarterly. I, I say I used to, I need to. I've just been a little outta practice. But yeah, it's a huge one. And I think it's funny cuz I think a lot of people don't assume of that or if you're not doing it, you should be doing it and now you have a reason to do it.

00:04:42 Yeah, absolutely. And this could also be, for instance, I just had a photo session with one of my favorite equine photographers, which then I can use my photos for marketing my business and on my website, on my photography site and hair the dog and all the things. So therefore I think that's the, the most important part of your marketing is people seeing who you are,

00:05:05 what, what's going on. Like it's a huge piece of it. Yeah. So all of you guys out there, pet photographers or pet photographers that people wanna see pictures of us with our dogs, we can't take our own pictures of us with our dog. So why don't you call up some pet photographers that you admire and get your photos done with your dog for your business.

00:05:26 Done. There you go. And write it Off. Yeah. And if you just happen to buy yourself a canvas or two or the files, actually just buy yourself the files because you know you're gonna use those for your marketing. They can print whatever you want. Yeah, No it's

very true. Very true. Yeah. Oh my gosh, I love it.

00:05:41 All Right. Another, another one is like bank and merchant fees. Like I think a lot of, there's like a lot of confusion around these, right? Cuz they sometimes come out of your transactions, like you, you get stripe deposited into your account, right? And then it's missing the fee. But those are deductions. Anything that you're paying,

00:05:57 paying credit card fees on or PayPal fees, like all of those things, those are all deduction of the business. So I guess in, you know, it folds it into being a part of cost of doing business and a lot of people hate the fees but they are deductible. Yeah, I love that. And that would go along too, if you happen to have one of the fancy travel credit cards with all the perk spells and whistles,

00:06:17 your annual fee for that credit card. Yes. Also be tax deductible if it's a business card. Yeah. Yes. Yep. And of course guys best practices, separate business credit cards versus personal credit cards. Separate business bank account versus personal bank account. Yes. We're not talking all the way Every day of the week. Yes. That is the most important that if that's the one thing you can do to help yourself get organized,

00:06:38 you will thank yourself at the end of the year. Oh a hundred percent. Okay, perfect. So obviously then business travel, which again, this could be just meeting somebody at a shoot or at a park or whatever, like that's, you know, and again you're, you're in the motion of doing the business and sometimes stop and don't realize, oh my gosh I just throw 20 miles,

00:06:58 well 20 miles times and I, gosh the, the rate changes every year. So I think right now it's like 56 cents, something like that. But I think It's like 65 or something. You're Right. I think it is. Yeah. Yeah. And they yeah but that's like almost like every two miles is way over a dollar and you actually get that back dollar for dollar.

00:07:14 So like don't leave that money on the table. I mean this can be going to check your post office box if you have a, a post office box for the business at the UPS store, like anything you're doing for your business that is, that mileage counts. So count it and there's perfect plenty of mileage counter apps out there to help you get through that.

00:07:32 Yeah. And I even had, cuz I end up driving so much for like taking my kids to school or wherever I'm going that the mileage apps were kind of a pain for me. So I didn't really use them. So I actually took an old checkbook register and just kept it in my car and then I would Yeah, manually make a list. Yeah.

00:07:50 So you can go old school like me too And you can look at your calendar too and you can say, you know, you can start to put mileage on your calendar and think about I, okay I have this shoot here, I'm going here and then sort of log it for yourself. Yeah. The, the idea is that your beginning and ending mileage won't be the same for the year and in that you need to show how many miles you had that were business and that that might be a

better way to keep track is sort of knowing what you were doing on those days too,

00:08:13 you know? Yeah, true. That also depends if you are deducting, cuz some people, if you're traveling a lot for work, do you have to use your car over 50% to be able to deduct the car for business versus personal? What's the rules for That? But You can only because you have to choose basically for the car, right? That you're gonna do the mileage deduction or the actual expenses.

00:08:35 Yeah. And your actual costs could be your actual cost even, you know, this includes car washes and any maintenance to the car, gas interest on the payment if you still owe on it. But you can only use the percent. So I always have clients gimme both give me your, all your mind cuz you need your mileage anyway cuz the mileage is gonna say you had 10% business use,

00:08:56 so now you get 10% of that cost. And I'm gonna be honest with the mileage rate the way that it is, most of the time it's more getting the mileage. Yeah. But once you pick away for that vehicle, you have to stick with that until you're done with that vehicle. Okay, gotcha. You can't go back and forth. Perfect.

00:09:11 One day. One day my business might need a pickup truck to pull a horse trailer With your face on it. No. Yeah, Marketing. I'm gonna horse shows they photograph Horses. Okay, don't do that. No, that is not a, not a wise idea. Okay, perfect. So mileage cars. All right, keep on going. So then we have contracted labor,

00:09:33 another huge one and I think sometimes people don't realize what a contracted laborer looks like. So Yes. You know I have a lot of photographers that do things like, you know, they hire second shooters or hair and makeup, but this could also be a business coach. This could also be an editor, editor, editor. Oh my gosh. An editor or Kohler,

00:09:52 what a word. This can be anybody honestly if you pay rent for any sort of space, like a studio or, that is also usually in the realm of contractor because most people that are, that are landlords will say they, most of them are not S corporations. So they are reportable. But it's like there's a lot of things that you can write off.

00:10:15 I'm trying to think of some pet related, do you guys, I mean second shooters maybe, I don't know if anyone ever uses maybe an assistant or someone just because you're dealing with animals and sort of need to corral them and get them assistant When you have a We shoot with lots of dogs for sure. Yes. And that can be a contracted position based on your relationship with them or an employee.

00:10:34 So just to be kind of clear and careful with how that goes. But yeah. But yeah, those Super high level differentiating between employee and contractor. Cuz I know the i r s will get very angry when somebody should be an employee, but you're been paying them a contractor for a long time. But an employee, well is there kind of a high level differentiation between the two?

00:10:56 Yeah, essentially it's like this, like an employee is somebody that you are sort of like, Hey I need you to be here at this time. You're gonna use my equipment, I'm gonna train you. I mean I would say sometimes like studio managers and stuff are more employees than contractors versus hey you're another, you're another photographer and I need help. You have your own business,

00:11:17 I wanna contract you for this job. There actually is, if you go to the IRS website, there's actually sort of a test you can take. You can google an IRS employee versus contractor and they ask you questions about that person to help you classify them. Yeah. I hadn't had this happen before where somebody had an assistant, it was a wedding photographer and eventually she became an employee and then this whole thing Ha they had a falling out and basically the IRS was like,

00:11:40 you owe all the taxes on the wages as like she was an employee. No. So you just wanna be careful. Yeah. I also had a client once who had a kiosk at the mall long before I did photographers who was like contracting his employees. I was like, they're wearing your shirt logo, you cannot do that. You're, you have a schedule on the wall when they have to be here.

00:11:59 So it's about how much it's about ultimately it's this, you aren't contr, you only control the end product, not how they do it essentially. Mm. They're a contractor. If they're an employee you're controlling the whole process. Just That makes sense. Yep. Perfect. Okay, keep on cruising. What's next? Cost of goods. And we know that one cost of goods,

00:12:20 you know, albums, prints, frames, anything on. And the other thing in here to consider or think about is samples. A lot of people will order samples. Those are deductible. It's under your, I mean they're still, even though you're not ordering them for somebody. I'm trying to think what else is in cost of goods for you guys.

00:12:36 Would That, you know, we talk about, what was that? Would that be dog treats used for the session? Yeah, like all those things we were just talking about like any equipment that you need to kind of, you know, whatever toys, whatever it is that you need to get the animals to, to agree with you and play along,

00:12:52 treats, any kinda equipment like that. I even, I would tell you I even had a client who was deducting sort of some obedience classes. She was taking some classes to learn how to work with dogs better so she could be, you know, more helpful. Would that be cost good folder or would that go under education? I I would put that under her education.

00:13:09 Yeah. So we're not there. We're in the sea. I'm a little ahead of myself so That's okay. It's all good. But I'm trying to think what else. Albums, prints, frames, merchandise, anything basically that you're purchasing that you like you need in order to do what you're doing. Yeah. Okay. For your business. Yep, yep,

00:13:26 yep. Packaging a big one. Yes. Yes. Absolutely. And anything that you send

to clients, like if you do like a little like box with things like that, all that stuff. Yes. Yep. Perfect. Okay, now we have insurance. Ooh, insurance. Very exciting. Couple Things we wanna make sure we have insurance. That's the first thing A lot of people Have insurance.

00:13:49 Yeah. Liability insurance. Probably some your insurance. Yep. Yep. If you need, if you're doing a business property, if you have people on your property, like what does that look like? Look and Spoiler alert, a lot of our homeowner's insurance will not cover our Yeah. Business items or anyone coming to your house for business related things. Yeah.

00:14:10 And some states are even like, like make you pay. I think it was California. I think some they'll make you pay just because you have a business and then say you can have the business in your house but you cannot have clients in your house. Like it's like they call you out on it. Yeah. There's like professional liability insurance, general liability insurance.

00:14:29 I mean it depends on what you need. There's yes equipment and there are companies and you're probably aware of this, but there's yeah definitely companies that have like photography specific like policies that cover a lot of that stuff to, to look up. But that's a Deduction. Yeah. What about health insurance if you are doing this as a sole proprietor or even as an escort?

00:14:49 So this is fun and I'm work actually actually currently working on a little lesson on this cuz like everyone's asking about it. But health insurance is deductible on your personal return if you're not an S corp. So if you're paying into it and stuff, there is a deduction for you. But if you're an S corporation, your business can have the policy for you and there's a different way that it can be deducted.

00:15:09 Okay. So it's deductible either way. It just depends what your business structure is on where it goes. Yeah. Yeah. Okay, perfect. If you're paying for it and everything versus not like not I would say like when you're paying the premiums. When you're paying the premiums. Right. But it also is a rule, so I'll give you just a little little bit on this cuz it can get like crazy but it,

00:15:27 but if you, this is only if you haven't been offered insurance like through your spouse or someone else. If you have that, you can't just go get insurance and be like, no I don't want that, I want this. And deducted you can't have, so you have to have no other insurance available in order to Oh okay. To do this.

00:15:41 I wasn't aware of that one. Okay, very good. Yeah, we're doing research on If you're getting it through your spouse or your full-time job and maybe you're doing photography on the side, then the, the premiums are not that you're paying. Like if you're coing the premiums with your employer, that's not your photography business then that's not deductible. Correct.

00:16:03 Any certain percentage of like And then if the other thing is like honestly all

your doctor copays, like all yeah. Anything you pay outta pocket for D dental, medical and vision are deductible but it has to be so much money. Right. And then you only get above 7.5% of that. It's like such a thing and you have to itemize and it's just become the re in 2018 they changed the standard deduction for everybody.

00:16:29 They doubled it. Right. So if you've heard standard deduction, that's just the amount that gets taken right off the top when you're single or married filing joint. And so what happens is that's so high now that you'd have to have a lot of these medical expenses and a lot of mortgage interest and all these things to even make it worth sitting down and tallying all that up.

00:16:46 Yep. But they want you to have insurance so there is a deduction for you paying the premiums on your plans and it just depends on how you're structured because if you're an scor part of that can go through your business so you get that benefit of that. Right. Okay, perfect. Without going too far down the rabbit hole of No, these things,

00:17:06 It's, it's never simple in a one easy. No. That's Why I'm working on laying it out to kind of get it, get it. I get that question all the time and it's hard. It's one of those things where I just need to lay it out so it's very visually like broken out and you can see Right, It's this go here,

00:17:20 it's like A flow track. Yes. Right. I know you, you had touched on it earlier, the gray area and I'm like, yes. Isn't that all tax? Everything's a gray area. We live in the gray area here. Interest is the next one. So, and this is really big on like business credit cards. That interest is a deduction.

00:17:37 Be mindful if you're using a personal credit card for business to be really careful because especially if you're mixing business and personal, that's not really a full deduction. So just be mindful of that. But like business loans, some people, people did get the EDL loans, you know, and now they're paying 'em back. But all that interest is, you know,

00:17:54 deduction. Yep. Okay. And then we have licenses and taxes. So this is like forming your llc, that's a deduction. What it costs to do that. Right. That's a deduction. Getting your, any kind of license you have to get, different states require different things. Some states, as I'm sure many know, like some states will require you to pay a fee to use parks and things like that or get permits and things like that.

00:18:17 So all of that is a deduction to your business And hiring a tax professional like yourself to do your taxes. Yes. Is also I am, I'm the best tax deduction there is. I always say that, I always say that on my, in my webinars I'm like, and my favorite, your accountant. But yeah. And that kind of isn't the next one.

00:18:34 The legal and professional. So that's kinda our next category. So and that's your accountant, your legal fees, consulting, any like association and membership dues. Things that you're, you kind of keeping, you know, keeping everything together for yourself.

The backend of your business if you will. Legal is a, is a big one too. People don't realize sometimes,

00:18:52 you know, when you getting help with contracts or anything like that, that's also a deduction. But I think who else falls under professional? What about like if you were, if you were, I guess that would be an independent contractor. If you were paying a makeup artist to do makeup for like a high school senior session that would be an independent Contractor.

00:19:13 Contractor but consulting, you know, underling professional like consulting or business coach like that, you know, getting any sort of mentoring, things like that. Also Deductible. Yeah you guys, your hair of the dog academy membership is tax deductible. We should put a sticker on it. Deductible. Deductible. I love it. Oh my God. And then we come to mileage,

00:19:36 which we were just talking about. So yeah, so at the end of the year it was for the end of 2022 it was 62.5%. Now I think it's 65% sense. Yeah. 65 cents. But again, you know, meeting the client, shooting an event, attending a, attending a trade show. Like if you're going to a show or something,

00:19:53 If you're flying to the show but you're driving to the airport to catch your business trip, that is possible. Yep. Picking, going through the store to pick up equipment. Like if you make a trip to the store and you're getting st like just try to start living your mind your life in two likely lanes like business and personal and you'll start to see all the things you do that you've just been melding together into what is your life and get some money back for it.

00:20:17 Right, right. Exactly. Yeah. Like these are the reason the tax code is so long is often because there are deductions in ways to, you know, they want you to encourage you to do certain things. Yeah. Like have a business. The next one's fun, this is meals and meals is gone away and changed. There used to be this thing called meals entertainment.

00:20:39 Well what happened? Okay, go ahead. Yeah, start that cuz that changed basically. I think it was abused. I'm Yeah, I'm thinking there was a very abused thing cuz entertainment could be a lot of things. Yeah, I know like my stepdad had a car dealership and I'm pretty sure you know it, his go golf club membership was Entertained.

00:20:56 Oh yeah. And I, people would do season tickets to like hockey games and things. Yeah. I think he probably, they cut it, they cut it down to meals. This was back in the nineties. Yes. No, and I'm telling you, I actually, before I did photographers specifically, I had an insurance broker guy and I, I,

00:21:13 now I really literally know why that laws changed. I mean I'm pretty sure they were just looking at it being like, what's one of the biggest like gray areas in our tax code and how do we like, you know, get rid of it. But you can deduct 50% of your meals. But the, it's, it's very important that you understand this meal is like I'm having coffee with a

client.

00:21:33 I am taking a client to lunch. I am taking, you cannot be just like I'm grabbing Starbucks on the way to here. It's not about like for you. And that's, I was gonna say it could be meeting another photographer to talk business. Yes. A photographer. Your contractor. Contractor. Maybe you're meeting your editor, maybe you're meeting a second shooter.

00:21:54 Anything that's involving another person that's business related and you're supposed to put the name of the person on the receipt and what you talked about. Yeah. Okay. And then you only can deduct 50% of that. But I will say for 2022 it's a hundred percent because of covid they changed the law. So it's kind of annoying right now because it's changed for a very,

00:22:15 I don't know actually, cuz this is how tax law works. They change it and they're gonna change it back and then you just don't know when it's gonna change back. So it is a hundred percent And then they sometimes wait until like November and say, oh 2023 a hundred percent deductible. Yep. Flexible. And then everybody go back their returns. This is a thing.

00:22:30 It's like they don't even know when tax day is. I don't understand. But meals deduction I think is one of the biggest ones that people are not really sure And they're, I do get a lot of clients that are like, I'm like, what is that? And they're like, oh I was, I was on my way to a wedding. Well yeah but feeding yourself is not really Yeah.

00:22:46 Part of that anymore. Like it was, the other thing to think about is some people have studios and they have like, they'll buy bottled water or have coffee or snacks or something that's more like cost of goods. Supplies just wanna be clear. Like that's supplies. Like you're not, that's you trying to keep things nice in the office. So What about meals for yourself when you're traveling for work?

00:23:07 Like you have flown away from home and you're at a convention. Yep. So the rule is kind of, that's kind of under the travel umbrella, right? So the rule is like if you are far enough away from home that you have to stay overnight, your meals can be a business deduction. And that again, I'm looking up here, I believe those can be a hundred percent,

00:23:25 they keep changing percents on things. How do you differentiate those for normal meals And then travel meals. Do you just have two online items? Yeah. You'll have your other travel things to go with it. You can prove like, here's my flight, I was here for this week, here's my hotel. Like here's my things. But yes, because,

00:23:45 but you have but it can't, it has to be like that. You're far enough away from home that you, you have to eat out or you have to like feed yourself for business. And there yes people will be like, well what if my trip was five days I was with my family at Disney in two days I did this. Well then you have to divide it and figure it out and keep super great records that show exactly the whatever the percent of business everything is.

00:24:05 So just be, be careful. Yep. Office expenses, very general. This was like, I think everyone knows this one. You know all the things. I think when you purchase presets and templates, office furniture, computers, printers, website hosting, email your, your marketing software. All this stuff is office expenses. And, and again these categories are like what they are,

00:24:30 but this is how, however you wanna see it on your profit last, it's not office expenses could be, you could call it something else but this is what it is on the tax return. You could have a broke out differently if you wanted to see. Yeah, I have a little sub sub item of software Online. Yeah. I wanna see how much,

00:24:44 yeah, I keep track of my apps very closely cuz there's a million of them and I need to really know, like monitor myself and what I'm doing the same. And then we have rent. It's a very obvious one but you know, a lot of times this is like renting equipment cuz some people do rent lenses and stuff, you know, storage rental.

00:25:04 Like if you, some people may have enough stuff that they rent a storage unit and then they swap things out if you don't have space to store it where you live or in a studio. Studio rental, of course garment rental. Some people rent garments for different shoots and things. Location rental if you have to, you know, some states are getting hit the fact that photography is huge and so they want a piece of whatever people are doing in their parks.

00:25:28 But something to be to think about there. What about home office or you, is that a separate one you're gonna talk about? It is Or home studio. Yes, it's up here. It's coming. Okay. It's coming. I'm realizing these may not be used full or order. I guess let's, because now you're right, it's, it's then I have supplies and expenses which we,

00:25:49 we touched on, right? Yeah. So we're talking about like just, you know, that's pretty general but that could be props, different things, however you wanna categorize that. Yep. Training and education, which we kind of touched on a little bit. But again, if you're going to a conference, you have all that travel, maybe you're traveling to a conference,

00:26:06 so now you have all that travel expense. And then you have the cost of the conference too. That's education. Yep. In-person workshops and classes and then online courses and training, which is huge in our world. Right. All those are deductible And coaching, if you were to hire like an individual, even a one-to-one coach, that would be deductible too.

00:26:24 Yep. Yep. Perfect. Utilities, if you run a studio space, make sure you have those utilities. Utilities will tie into home office. We're gonna talk about in a minute too. Okay. Same thing for repairs and maintenance. If you have a studio and you have to have repairs and maintenance done or you're having to pay for them, maybe the landlord doesn't cover that part or whatever,

00:26:43 whatever. Or you rent a space and you put all the work in to make it what you want for your studio. That's all a deduction. That's called a lease hold improvement. We don't wanna get too crazy. But you track all that. That's important. And then we have the home office deduction. So the home office office deduction is you're, you can basically take a percentage that you use of your home for business.

00:27:05 So let's just say that your home is, oh gosh, I'm gonna do, Do a thousand square feet cuz it's easy. A Thousand, yep. Thousand square feet. That's my California standards, but you know. Right. And so they say a hundred, a hundred square feet is your home office where you do your editing and all this. So that's 10%.

00:27:24 You got it. Yes. Look, I, yes. Yeah. It's taxis in my brain. So 10 per, so now you can take 10% of your mortgage interest, you can take 10% of your utilities, 10% of your, anything you need to run that home that connects to that room, that's an indirect cost. So when you see home office deduction,

00:27:42 if you look on your tax return and you look at that schedule or you see like a worksheet, it'll say direct and indirect. So those are your indirect costs cuz they're gonna get multiplied by the 10%. But let's say you paint the walls in your office and you redo the floors in your office or you do something particularly in the office, that's a direct cost.

00:28:01 So you get a hundred percent of that. Okay. So you wanna track those things like what am I doing in here? Like I had French doors put on my office cuz this is actually an old dining room. Okay. So that was a hundred percent cause I needed privacy. But then like the utilities, everything like that. I mean and that adds up quickly,

00:28:18 right? So there's two pieces. So there's, you can do that which is, you know, the actual cost method, it's kind of like the vehicle thing we talked about. Or you can do something called safe harbor, which is you can just take \$5 a square foot up to, and I'm not sure if they've changed it yet. It's been pretty steady for a while up to \$1,500.

00:28:37 Okay, So you're using, you have to have proof you're using your home, but you don't have to have all that math and documentation. Gotcha. But it's one of those things where you pick one, that's what you use. Yep. Okay. So, but I think a lot of people don't realize that that space is, is a deduction. Any,

00:28:57 any, can I interest you in talking about a couple things that are not deductible? Yes. Let's Do that. People think are, because I have the next, these are the non deductibles. Yeah. Charitable donations is like the number one thing. People are like what? But this is not deductible through a business. There is not, you'll go through every business tax form,

00:29:15 like the 1120 s go through a Schedule C. Not one line says donations cuz it's not business deduction. We've talked about this before and I think it might even be another podcast episode where we were talking about how it's more like, it could be advertising, like it could be other things. So you wanna examine what you're actually donating, quote

unquote. Does it get passed through to your personal return depending on Totally.

00:29:38 How you're filing. Yeah. So you could take it as as a draw and then you can, and then you can count it on your own return. Again, that's part of itemized deductions. However, cuz of covid, we have like a \$300, you can take up to \$300 regardless if you itemize or use this, the standard deduction. Yeah.

00:29:57 And I think that's still gonna be in effect for 2022, but it's just, they make it so hard. Right. And so I just wanna say let's, let's donate from the bottom of our hearts because you're doing it for the tax deductions. Yeah. You might be disappointed, but Yeah, I, the biggest thing is a lot of people will do stuff that they think is donating and it's actually brand awareness.

00:30:17 And then I'm like, well what were you doing? Okay, so you went to the S B C A, but you were there and people know who you are now and you were actually advertising and you're gonna give them a, you know, so we can work that out. We structure that to the way that it, it makes sense because that's what they're ultimately doing.

00:30:30 Right. Clothing is another one. We did talk about, you know, there is clothing you can, you can purchase a lot of, I'm gonna, a lot of boudoir photographers will buy things for like a, a client closet and that's deductible. But clothing is a big deal. People ask all the time, well I have this kind of, I have this outfit I wear to weddings or I have this outfit I wear because the dogs jump all over me.

00:30:50 Like clo unless you, if you can wear that clothing somewhere else, like on a daily, that's not deductible. If it has your logo on it, it is. So maybe you have clothes, the dogs can jump on you with your logo and that's brand awareness. So just being mindful of that. Clothing is a big one that people will ask.

00:31:08 Especially with photographers. Yeah. It's like for comfort and I'm like, yeah, it can't, they're like, but the bag, the camera bag always ruins my shirt. So I always wear this one and I'm like, well get your logo on it. That's Your camera. Yeah. Your camera bag is deductible. Yes. Or like if you're getting like a spider holster kind of thing to hold your camera on,

00:31:28 that's all deductible. All that Equipment. Equipment. Yep. Okay. And the last one is gifts. Gifts. Well, there's a couple more in here, but, but gifts like is one, there's this law, it's like \$25 per person per year. It's like been in effect since like 1962. There's literally language in it about canned hams. This is how old this law is.

00:31:48 But again though, I find clients that are like, oh, I send this client gift and I'm like, no, no, that's not a client gift. You're sending this branded box with this and this. Like, this is advertising because you are hoping to get new clients from this. You are build, you're leaving This relationship cost of good sold as part of your Work.

00:32:04 Yeah, yeah. Or you do the same. And that's actually, that's very critical. Like

do the same thing for everyone. Or this package always gets this, this package always gets, and then it's a cost of goods. It's not like a personal like, well I love ma, I love her, I'm just gonna send her this thing. So if you can show that it's standardized like that,

00:32:21 then it's, it's not considered a gift. You might call it that, but Right. I think it, that's the confusion too is like the IRS terms and, and what we're saying about Right, Right. The last two big ones I think we all know, but personal expenses are never business expenses. Right. And sales tax is never an expense.

00:32:39 Gotcha. Sales tax comes in, sits on your balance sheet and then you pay it. You're never, it's never an expense. It never touches your profit loss. Yeah. You're not paying it. You were just the safe keeper holding it. So some people do get confused at that, but that is the, that is the laundry list of things.

00:32:56 Excellent. And you have a tax guide on your website? I do. That's kind of where I'm going off of, but there's a lot of links on here to some blogs and some videos on different deductions and worksheets too. Okay. Awesome. We'll link to that in the show notes so people can think. There is one more that I wanna bring up.

00:33:14 Yes. And that is, I have a dog, I'm a pet photographer. Can I hire my dog as a model? I, I'm gonna say the IRS will be like, sure, are you filing taxes for your dog too? Because they want their money. Right, right. I guess it would be if your dog was an actual professional working like dog.

00:33:33 Like they have the animal talent like the sotos, Right. And then the, the owner of that dog is doing taxes and they are literally making money off the dog. They are the actual business owner. Yeah. It's funny. Pet dog is is likely not I, my dog knows now I have a plan. No, I love it. But the one thing you can is if you are family and pet photographer or like if you have a,

00:34:02 a child that you are hiring as a model, you can pay them to be model. Yes. And you can also pay them to work in your business. Yeah. Can you tell us more about Yeah. So you can pay your kids. I actually wanted to check, I think it's up to the age of 17. Okay. But but you,

00:34:22 you're basically that standard deduction we talked about and there's a, the itemized deduction. The standard deduction again is essentially like when you file your taxes, they give you that right back. Right. So you can pay your kids up into the standard deduction amount. So you can Google, whenever you're listening to this IRS, whatever year it is, standard deduction,

00:34:39 whatever that number is, you can pay your kids up to that amount tax free essentially. And it's gonna be like a, like a contractor situation. You're not gonna put them through payroll, you're just gonna pay them. But you, they don't have to. They're, I think then you're gonna report it, but they're gonna get, they're not gonna have owe anything on it

and then taxes are gonna be taken out.

00:34:55 But you, you have to prove that they do something. It could be cleaning your office, right. It could be Packaging. I know that was my first idea that came into My mind. That's what my kids, they clean their office, they package things, they, oh yeah, my daughter's old enough now. She'll assist me on sessions. I have them do like random online,

00:35:13 like, you know, like, hey, these two things need to be like just repetitive tasks I don't want to do. And yeah, it works really. But I had a client who did this, so he had both his kids this way, but he took all that money and put it into their 5 29 college fund. So he was paying them,

00:35:30 was able to deduct it, deduct it through the business and put it into their college fund. And like that's a really nice idea. Yep. Yes. Mine is currently in college and I did not think of these things, but I, I actually, ah, I don't know, I almost say it's almost one step better. I take what they some what they pay and it pays for,

00:35:51 you know, my daughter's horse. So like it's actually paying for her. Yes. That is a lot right there. Horse situ. My sister had horses, so that's like a, a full-time income. Well my accountant told me this. I'm like, so you're telling me I can have a tax deductible horse? It's like, well no, not really exactly that way.

00:36:05 But yes. But I also, since she has earned income, we can contribute to a Roth IRA for her. Oh. Which we started for her when she was then 13. That is better because I believe that's gonna be more rewarding and it's gonna grow better than a college fund and Yeah. Yeah. Especially you don't really get, well you don't get a deduction on the Roth IRA now either,

00:36:26 but it's should unless they clot back at some point in their Yeah. Greedy tax flow IRS lives, I know they Want you to have enough, but just enough and also not too much. That is exactly how they operate on everything. So Yes. Yeah. So if you guys have human children, you can definitely look at are there things in your business that they could do?

00:36:50 And like, correct me if I'm wrong, but like I have a little job description and the tasks, tasks or age appropriate and you know, things that actually happen in my business that she can actually do. And yeah, it works out pretty well. And then I Love that. That's such a good idea. She's got a retirement plan. That's Fantastic.

00:37:08 Yeah. Yeah. It's fantastic. Which I believe you can do too. Like kids can do, even if they're not working for your business. Like if they're just babysitting, they have to file a tax return saying that I earned, you know, \$3,000 this year babysitting. But then they can put all of that in. Can you imagine what that will like when she's like even our age,

00:37:29 like holy goodness, right. Like that's like just getting a step up. I'm just That's great. That's fantastic. Yeah. Great strategy. All right. Everybody out there if you have

human kids, utilize these benefits because, And because don't forget, the other part of all of this is that's a deduction to your business, right? So you're deducting that money and putting it somewhere in your future,

00:37:48 which is like always tell people like, it doesn't matter, there's all these strategies to like take what you have and not give it to theirs. Even if it, you're putting it in your future or putting it in your kid's future for 20 years from now, it's, you're not giving to the IRS for nothing. Yeah. This actually is a perfect subway into talking about retirement options.

00:38:04 Yes. And making sure that we are thinking of our future self and saving something for when we are, you know, and even if you're working full-time at like a corporate job and doing pet photography on the side, like there's still possibly some good retirement strategies that you can take advantage from both positions. So let's talk about those for a bit. Yeah,

00:38:27 I mean I honestly feel like, and I'm, I'm guilty too. Yeah. I've been, I've been in business for 10 years and not, did that not cross my mind for the longest time? Like well, well I don't sit in a cubicle, I'm not in corporate America. I don't get a retirement fund. I don't know, I didn't even think about it.

00:38:39 And then when you start realizing like, wait a minute, I can turn this business into sort of the machine that fuels financially all the things I need in life. And then you have more control and the, the self-employed plans are a little more advantageous because they really want you, right? They want you to make enough just enough but not too much.

00:38:58 And they wanna make sure you are putting money in there. So they do, because obviously they, you know, you put in all these funds, people are making money off your money but it encourages you to do that. And so you can deduct those, not the Roth cuz the Roth is after tax money. But that's like your advantage is that you're doing,

00:39:15 you're not gonna have taxes on it when you take it out. Right? Right. Yeah. So most of the plants have a Roth option and a traditional option. And the traditional option is I get a tax deduction Now if I put \$10,000 in, I get a tax deduction of like \$10,000 deduction on my taxes. Whether person or business depending on the setup.

00:39:33 But then Roth is like, I put \$10,000 in, now I'm paying income tax now today on that \$10,000 but it will grow forever and ever and ever. And I'm not paying taxes take forever. Again, who knows what those taxes will be in that day when that time comes, right. Yeah. And the Roth, at least as of now too,

00:39:52 depending on when, when you, you leave it to your heirs, like the Roths I think are still tax free for them Or there's possibly a Lot basis or something. Yeah, A lot of things sort of are depending on how your like estate is set up or how things are like when you go there. There's also the simple and the the S E P which are great and they serve

people in different,

00:40:20 you know, I would say what if you have employees one is better than the other if you don't, one is better than the other. Okay. But the biggest thing is like these can be, if you are an S corporation you can deduct stuff through your, your business, you can through your own payroll, you can contribute to your plan, your business can match you.

00:40:36 That's an expense to your business. But even if you're not an S corp on your personal return, you can get a deduction for contributing into these plans. Okay. The other thing to think about is that you can start and contribute into these plans even in the next tax year. So I'm gonna give an example, it's, you know, we're in 2023 right now.

00:40:58 It's February. I could start a new, you know, s e p or simple plan and do do that up until the time that I file my return and actually count it for last year. This is how I personally transparency here started my retirement plan. I owed a lot of money in taxes. I had a heart attack, I didn't know what to do and then I was like,

00:41:20 you know what, I'm just gonna do it. And I am so glad it's been eight years and I had, I've never had retirement before this. I had like little chinsy, you know, 401ks from past jobs that didn't amount to much and now I actually have a really good retirement because it started then. So wouldn't you rather put money into your future kind of like we were just talking about with the kid stuff,

00:41:40 then give it to the IRS for nothing. You get nothing in return from that. So even if it's not dollar for dollar, you still put something in your future. It's just something to consider. And if you can't afford it, just start little, start with \$20, like a little by little A little becomes a lot and that's, I can't stress that enough.

00:41:56 Especially now. Like I'm thinking about what you're doing with your kids. Like how that is just gonna stack up over time and grow. Yeah. Yeah. So for the different plans, if you are say self-employed, it's like you're filing a Schedule C whether you're L LLC or not, you're just Yep. Solo show Show. What are your options for retirement plans to look into for them?

00:42:20 So you can any, any like a, there's solo 401k. There is the simple, there's the SEP there. We'll leave the Roth out cuz of the tax. We're talking about the tax deductible ones and then you're gonna actually report those on schedule one on your taxes. It'll ask, there's a line, it literally says contributions to a simple set you different plans.

00:42:39 It's kind of like the medical where if you're gonna be paying into something that they want, you know, you to have, then you get a deduction on those things. Okay, perfect. And then is that the same for if you have that S corp, it's just run on your taxes a little bit different but the same type thing? Yeah. So if you have that S corp,

00:42:56 you're like, so I have this set up this way, it comes out of my paycheck, I contribute and then my business matches me. It's reported on my w2 so I'm getting the

deduction through my business and through my business is deducting my wages and all of that stuff. Yeah. So then that's gonna come over on your w2 sort of like when you worked for Somebody else.

00:43:15 Yes. Yeah, exactly. That's how I have mine set up. So I'm an LLC but I file as an S corp and I have a solo self-directed 401k. And so I essentially contribute my employee contribution out of my paycheck each every two weeks that I get paid. And that goes into a Roth 401k. Because here's a nice little secret too that the Roth ira,

00:43:43 like a standard, I'm gonna call Vanguard and open a Roth IRA has income limitations, but there's some backdoor ways you could do it. But those 401ks, solo 401ks have Roth options. So my, my contribution during the year goes into a Roth side and then when my employee contribution, so when I write a check for my business at the end of the year to match that,

00:44:10 that goes into traditional cuz that one can't go into Roth. So that way I'm kind of splitting up too on my tax savings between taxable now taxable later, you know, tax deduction now or no, you know, just, yeah, No I love it. So I have mine in a, I have employees. Yeah. So we have a simple,

00:44:28 because whatever, you know, the, the S A P I had before, I think it's up to 25% you can contribute of your wages, but you have to do that for everybody. Yeah. And so I'm like, I love my employees but I can't afford to do that for everybody. So we converted to a simple plan. But that's the thing,

00:44:43 the other part is like cash flow. You don't really think about it. It's just cash flow's coming in, you paying yourself and you're chipping away and you're putting money away. I think that's the biggest thing is like, I'm blown away sometimes and I'm like, I can't believe I've saved this much. And it just, I just started doing it and now I don't think about it.

00:44:58 It's just like a habit now. It's built into payroll and it goes right along with cashflow and it's not like you have to stop and and figure out anything. And I think that's, that's also a benefit of, of trying to like do something like this. Yeah. That do you hit the nail on the head. And I think the most important thing for people to develop is that habit of saving for themselves and for their future.

00:45:18 Their future. Whether that is in their corporate job, whether that's through their photography business, whether it's both. There's always opportunities to do that. And it's just getting started, even if it's like \$25 a week, like we can all afford \$20 a week, a hundred dollars a month. Like just start little and then you start to see some progress and when you set it up automated,

00:45:42 you never even see it. Like It just Yeah, that's the thing. Yeah. And and it's like magic. Yeah. Cause if we wait for ourselves to be like, oh let me transfer it over every week, it's never, it's never gonna happen. Oh, absolutely. It's absolutely, I think it's the big

best thing about all of it.

00:45:56 And like, that's honestly why in a way, like I love the S corp option too is like, because people will be like, well payroll, but it's like, yeah, but you're paying a little bit each time into your tire. Like you're, you're sort of with, you're, you're moving along with cash flow of your business. You're not just getting to the end of the year and then like,

00:46:12 oh my God, I gotta figure all this stuff out and it's overwhelming and daunting. Right? And so it's sort of just kind of, it is, it's sort of like a habit, all of it. It's super, super helpful and efficient. Yep, yep. And obviously we're not financial planners so none of this is financial advice. Yes. But like truly,

00:46:30 if you guys are like, I don't even know where to start and you're under the income limits for a Roth ira, like that is a no-brainer. I think the limits right now are like 6,500 a year or something. They're not as high as the 401ks. Don't quote me on that amount. They change every year. But like, just go to like Vanguard,

00:46:51 which is solo fee, open up a total stock market. And here's the other thing, which again, this is turning into, again, we're not financial advisors. No, it's fine. But We're passionate though. Yes. We're, I I think right now, cuz you know the stock market the past year has not been the best. But it had,

00:47:11 you know, a decade long run. But I think a lot of people get really fearful when they see, oh, but it's not, why would I put money in now? But in actuality everything's pretty much on sale. So now it's like the time to double down, like let's get it in there and it still might dip some more, but it's historically it's going to continue to go up.

00:47:33 So Yeah, I actually read, that's true. I forget what book it was. I think it was a Tony Robbins book about like investing and just like the game of money where you're just like, it's a long game and you're gonna have these ups and downs, but just knowing like the historical gains, like it's going to come back and if you need that money in the next five years,

00:47:55 it probably shouldn't be in the market anyway. So, you know, just start small. Yeah, no, truthfully. And there are, I I, I dunno if you wanna touch on this, but there are some other things you can do with your, like your 401ks<unk> and stuff. And one of them is like, we've had a couple clients do this because,

00:48:13 not now, but what, six months ago or so when the, the housing market was just like crazy. People were buying their first houses and they could take the money out. You can take it out and put it back for your first house or take it out and not pay, you pay taxes on it you just don't pay the penalty on it if it goes to your first home.

00:48:28 But there's like a list of things, you know, cuz we are in those situations where, you know, I think that we, I don't, I don't wanna use the word uncertain times, but it is, it's been a real interesting one. Weird day after another lately. Yeah. But to know like

that security is there for you. Right.

00:48:45 So even if you're putting it in there now, like you, it's not, you know, I say locked in there forever. Like you also have sort of this confidence that I have. Okay. If every, if all the chips are down, like I have something for myself that I can work out. Yeah. You know, that's other, I think,

00:48:59 I think it could be that it's the putting the money in and then it's feeling like you can't get it out. Right. Well and Roth IRAs have that too, where after it's in I think like five years or something, you can take out principle that you've put in if you need it for certain, like it's almost becomes an extra, not like a liquid cash savings,

00:49:17 but an extra savings net in case you were to ever need it. Yeah. I was gonna say something else, and I don't remember, anyway, get in the habit of starting small and, and just, yeah. Getting up all rolling is totally huge. So, Ooh, this has been a really good conversation about all sorts of non exciting things,

00:49:38 but I think we made it fun. I think our Yeah, I agree. I agree. No, I think it's important and I think it's things that we often, as business owners, we're in the hustle of doing business and growing it and I think, you know, it's like peeling back and making that time to really think about the overall picture,

00:49:53 the goals for our lives and how our business helps us get there because it is the vehicle in which we will get there. So we have to, you know Yeah. Take care Of it. Yep. And yeah, this is my plea to you guys. Seriously, a tax advisor is worth their weight in gold because we just spent an hour just like touching the surface of all of these things.

00:50:16 But to have someone that can look at your situation, look at your business, look at your personal, sit down and say, Hey, did you know you can do this? Hey, I recommend you do this. Hey, you're gonna owe a lot of taxes this year, but instead we, we can invest it into your future. You can do this.

00:50:30 Just having those options. Oh my gosh, it's worth every penny. And as we talked about, it's tax deductible. So it's not even like you have to pay it because your business can pay it for you. It's true. And the peace of mind of just sort of knowing, okay. Like somebody, okay, they, I, I'm not gonna be caught off guard.

00:50:49 I'm not, you know, I think it's the peace of mind of just knowing like I have that support and help is everything. Because yeah, as we're talking, and you probably listening to this, I bet there were a few things you were like, what? Right, right. Like, that's stressful. I don't want that to be stressful for people.

00:51:03 Yeah. And I think that that's important. There's a, there's a few people, I think as you build a business that are really crucial steps for you into the next level of yourself and your business, and it's always be learning and growing and really utilizing outside sources that are experts in their area, whether it is a mentor or an accountant. I

mean,

00:51:21 it's gonna help you twofold because you gain knowledge and you, you gain time when you're not happy to live through the whole experience of it or make the mistakes or you are learning from someone else and you're able to like, it's kind of like a cheat code when you can, when you can learn from somebody else. Like you kind of skip some steps and why not?

00:51:39 Why not? Yeah. Perfect. Awesome. Well Tiffany, let them know where they can find you. And also by the way, Tiffany is an enrolled agent with the irs. So she is able to do all the tax things and the bookkeeping and all the stuff. Yes. So tell us where to find more about That. Yeah, so bastion county.com,

00:51:55 we have everything there. It's B A S T I A N A, CCC, O U N T I N G.com. I'm sure it'll be in the show notes. I feel like I picked the longest U R L I could. Hey, You didn't put Tiffany in the front, so you know, you could, I know. True, true.

00:52:10 But yeah, so we have a couple, we have the business expense breakdown guide there that we were talking about. It's a free download and then we actually have the state by state sales tax guide too. And I love that for photographers cuz that that's those, I bet those are really the two big pain points of anyone getting started. So it kind of helps you kind of get some bearing on what's going on here and how to move forward.

00:52:28 Yeah. Perfect. Awesome. Well thank you so much Tiffany for being here and sharing Pleasure as always. Yay. All right. And well, I'm sure talk to you soon. Bye everybody. Thanks for listening to the Hair of the Dog podcast. This was episode number 180. If you wanna check out the show notes for access to any of the resources that we mentioned,

00:52:45 simply go to www.hairofthedogacademy.com/ 180. Thanks for listening to this episode of Hair of the Dog Podcast. If you enjoyed this show, please take a minute to leave a review and while you're there, don't forget to subscribe so you don't miss our upcoming episodes. One last thing. If you are ready to dive into more resources, head over to our website@www.hair of the dog academy.com.

00:53:15 Thanks for being a part of this pet photography community.