



PRIVATE PRACTICE CHECKLIST

SIMPLE PROFIT

by Jennie Schottmiller

<https://www.facebook.com/groups/simpleprofit/>

BUSINESS EXPENSES ARE TAX DEDUCTIBLE IF THEY ARE ORDINARY (COMMON FOR PRIVATE PRACTICE) AND HELPFUL OR ESSENTIAL TO CONDUCTING YOUR PRIVATE PRACTICE

Clinical Supplies

- Play therapy toys
- Crayons/markers
- Psychotherapy cards

Continuing Ed

- Supervision
- Conferences
- Training
- Books/Journals
- Study supplies

Communication

- Business phone
- Answering service
- Fax service or machine
- Office Wi-Fi

Healthcare

- Insurance premiums

Advertising/Marketing

- Facebook or Google ads
- Website costs/SEO
- Print ads
- Business cards
- Professional photos/videos
- Brochures & logo creation
- 50% of business meals

Professional Fees/ Dues

- Professional memberships
- Licensing fees
- Malpractice insurance
- General liability insurance
- Accounting and tax fees
- Amortized start-up costs

Travel

- Mileage between offices
- Air/hotel for conferences

Office Management

- Rent
- Utilities
- Employees/Contractors
- Virtual assistant
- Staples/paperclips/pens
- File folders/Filing cabinet
- EHR software/service
- Computer
- Session taping equipment
- Scanner/printer/copier
- Toner/paper
- Storage bins/bookshelf
- Small furniture
- Water/candy

Banking/Finance

- Credit card fees (if full fee recorded as income)
- Bank fees & loan interest

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Tips and Notes from Jennie

A CPA says to deduct an expense, another says no way. Now what? Here is my stance on certain private practice tax deductions. Be informed and then make a decision you can back up and prove if ever audited.

Business vs. personal expense

Only deduct costs that are related to your business operations. Think carefully about what costs are actually for business and do not deduct any portion that could be for personal use or benefit. If an item like a phone is shared between business and personal, find a reasonable basis such as hours used for business vs. personal to split the cost. If business use fluctuates, your deduction will not always be the same percentage.

Mileage

You cannot deduct your commute to and from work. You can deduct your commute between two offices if you work in both the same day, travel to a temporary work location, run business errands, attend training, to drive out of town for training or another legitimate business reason.

Health insurance premiums

To deduct insurance premiums you need to not have been eligible for an employer provided plan and you cannot take a deduction if it will result in a net loss.

Personal psychotherapy

This is a controversial deduction. If you maintain a certification requiring you to be in individual therapy and can prove it, then this expense may be deductible. Without a requirement, if audited, the deduction could be denied and you could be fined and penalized. In a past court case, it was allowed because audio tapes showed the psychiatrist discussed his cases (like supervision) and modeled his work after the therapist (like training). Supervision and training are both tax deductible for a private practice.

Home office deduction

To take the home office deduction, the space must be regularly and exclusively used for your business. This means no personal use at all. It also must be a principal place of business. See IRS rules to ensure you qualify before taking this deduction.

Start up costs and capitalized assets

Start-up costs are incurred before you open your private practice for business. You can deduct up to \$5,000 of these costs after you open. The remainder are capitalized (recorded as an asset) and amortized (expensed) over 180 months. Large purchases such as furniture or computers costing more than \$2,500 may need to be capitalized and depreciated (expensed).

Receipts and documentation

Keep all receipts showing a deduction was a legitimate business expense. Keep documentation showing how you computed personal vs. business use of an item and your reasonable salary if you are an S-Corp or C-Corp.