

## How to Deduct Your Unreimbursed Business Expenses:

Your ability to deduct allowable unreimbursed professional expenses depends on how you were compensated during the year:

- Individuals compensated as independent contractors (having NO taxes withheld) deduct their professional expenses directly against their income. These individuals are required to complete and attach a Schedule C or Schedule C-EZ, Profit or Loss From Business, to their Form 1040.
- As a result of the Tax Cuts and Jobs Act passed at the end of 2017, individuals compensated as employees (having taxes withheld from their pay) no longer can deduct unreimbursed business expenses as a miscellaneous itemized deduction on their Schedule A.

## Guide to Common Professional Expenses for Healthcare Professionals:

"IRS PUB#" below indicates the IRS Publication number that contains information on this topic. You can access the IRS Pubs at [www.irs.gov](http://www.irs.gov).

ITEM	IRS PUB#	DEDUCTIBLE	NON-DEDUCTIBLE
Automobile expenses	917	The portion of automobile expenses incurred while driving between two different workplaces, or between your principal residence and a temporary job site. You can base the deduction on actual expenses incurred or on the standard mileage rate of \$.535 per mile for 2017 (\$.54 for 2016).	The portion of automobile expenses incurred while commuting between your principal residence and a regular place of business.
Beepers and pagers	529	The rental fees paid by you for beepers and pagers used in connection with your employment.	Any costs associated with the personal use of these items.
Books/library	534	The cost of reference books purchased during the year. You can also depreciate your "library" the first year you put it into business use, based on the fair market value of the library on that date.	Any books not related to your profession.

Cellular phone & internet access	534	The business portion of the cost of the cellular phone can be written off. Plus, you can deduct the business use portion of the monthly cellular phone bills and internet access fees.	Any portion of the cost of the cellular phone and the monthly cellular phone bills and internet access fees relating to personal use.
Computer purchases	534	Depreciation on the business use percent of any computer or peripheral purchased (1) as a requirement of your employment and (2) for the convenience of your employer.	Any computer and peripheral not specifically purchased as a requirement of employment or for the benefit of your employer.
Education, examinations, and license	508	Expenses incurred that are required as part of your employment and maintain or improve your skills in your current profession.	Expenses incurred that prepare or qualify you for a new trade or business, such as medical or dental school.
Equipment and instruments	534	Depreciation expense on any items purchased during the year, or based on the fair market value of equipment and instruments purchased in previous years but put into business use this year.	Equipment and instruments not associated with your profession.
Home office	587	The percentage of your home (based on square footage) used regularly and exclusively in connection with your profession. Great for renters, since rent isn't otherwise deductible on your federal tax return.	The portion of your home used for any non- business purpose during the year, even if just for one day.
Insurance	529	Malpractice insurance and insurance on business assets.	Health, life and disability insurance. Health insurance is deductible as an "adjustment to income" if you have net self-employment income.
Interest on school loans	535	Up to \$2,500 of student loan interest paid during the year, subject to income limitations, is deductible as an "adjustment to income".	Interest on school loans in excess of \$2,500 per year.
Job search	529	Expenses associated with finding a new position in your current trade or business.	Any expenses associated with finding your first job, or a job in a new trade or business.

Meals	463	50% of the cost of a meal when there is a specific business purpose in connection with the meal, or while temporarily traveling on business.	Personal meals, including meals while on call at a hospital located in the general vicinity of where you live.
Parking and tolls	463	Parking and tolls incurred in connection with traveling between two different workplaces or between your principal residence and a temporary job site.	Parking and tolls incurred in connection with commuting between your principal residence and a regular place of business.
Professional dues, journals, and subscriptions	535	Fees paid to join professional organizations or to subscribe to their journals.	Dues paid to social or athletic clubs.
Psychoanalysis	n/a	A licensed psychiatrist or psychologist who is undergoing psychoanalysis as a required part of training in that field.	Any other licensed professional must claim costs associated with psychoanalysis as a medical deduction.
Supplies	535	Supplies, such as slides for presentations, required in connection with your employment.	Supplies that don't fall within the definition of "ordinary" and "necessary" for a professional in your field.
Temporary job assignments	463	The travel, lodging, and 50% of the cost of the meals incurred during a job rotation outside the general vicinity of where you live. The rotation must be for a specific period of less than one year, and you must intend to return to the city that you were living in prior to the rotation.	Any expense associated with a job rotation outside the general vicinity of where you live that will last for more than a year, or for an unspecified length of time.
Travel and lodging	463	Travel and lodging expenses incurred while outside the general vicinity of your residence in connection with a deductible activity.	Travel and lodging incurred when the primary purpose of the trip is not business related.
Uniforms and cleaning	529	The cost of purchasing and cleaning clothing, such as lab coats and scrubs, required by your employer that isn't considered "everyday street clothing".	Items such as suits, shirts, shoes, ties and wristwatches because they fit the description of "everyday street clothing".

*If you have any questions that you would like answered before your tax preparation meeting, please contact us at (800) 471-0045 or e-mail us at [admin@schwartzaccountants.com](mailto:admin@schwartzaccountants.com).*