Common Tax Deductions for Salons and Spas

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Taking advantage of the right tax breaks can be a windfall for your salon or spa. By the same token, leaving simple deductions on the table can end up costing you—resulting in paying more in taxes than you need to.

We've compiled this handy checklist to ensure you're taking all the breaks you're entitled to as a business owner. Here are a few of the most common and overlooked tax breaks for salons:

Furniture and equipment

Did you know that you can write off necessary equipment purchases to support your business? This includes:

Salon station chairs, carts, and stools used by your stylists

Facial and massage tables used by your practitioners

Waiting room furniture like chairs, tables, and product displays

Products and tools

You can declare and get deductions on your product lines, tools, and other supplies:

Shampoo, conditioner, and other styling products

Styling tools including dryers, straighteners, curling irons, and more

Other supplies, like clips, caps, towels, and more

Skin care products

Skin care equipment, like facial steamers, microdermabrasion machines, and more

Employee-related expenses

Money spent on your team can earn you a higher refund. Check into deductions for:

Employee salaries and benefits plans

Uniforms or beauty tunics, so long as they are only worn in the salon or spa

Business insurance and marketing expenses

The services you use to support your business can earn you tax breaks as well. While things like personal insurance don't qualify, you may be able to take advantage of deductions on:

Business insurance premiums, including for policies like general liability, workers' compensation, and more

Marketing collateral, including materials like business cards and flyers, as well as other expenses like website development and hosting

Business meals and company parties

If you do business with a client over lunch, you may be able to <u>deduct 50% or more of these costs</u>. While entertainment is no longer deductible under the Tax Cuts and Jobs Act, your salon may be able to earn a break on:

Snacks and meals, including business meals with clients, or snacks provided for employee breaks in the salon or spa

Company parties where all employees are invited, which are <u>100% deductible under current tax</u> <u>standards</u>

Training and education

The efforts you make to train and educate your employees can pay off. Although training for a new trade or business does not qualify, these other expenses may earn you considerable tax breaks:

Continued education classes taken after licensure

Industry magazine subscriptions

Trade show or certification expenses if attendance at a trade show includes travel expenses like transportation, lodging, and meals, these can be written off as well

Overall, nearly any expense that's directly related to and necessary for your salon or spa can earn you a deduction.

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To find out more about supporting your salon or spa's business's finances, reach out to the experts at <u>Bench</u> or check out additional resources at <u>mindbodyonline.com/business/education</u>

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