

THE SUBCONTRACTOR SUCCESS GUIDE

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THE SUBCONTRACTOR SUCCESS GUIDE: TAX ADVANAGES FOR 1099 CONTRACTORS

Per Diem Deduction

As a result of the Tax Cuts and Jobs Act, W-2 employees are no longer eligible to claim the Per Diem deduction. If you're a self-employed truck driver, for 2021 and 2022, you may qualify for the entire deduction of 100% of \$69/day you are away from home and 100% of \$51.75/partial day you are away from home.

Qualified Business Income Deduction

The QBI deduction allows for a 20% deduction based on either net business income or total taxable income. The qualified business income deduction is for self-employed individuals such as those that receive form 1099-NEC at year-end.

Health Insurance Premiums Deduction

Health insurance premiums are essentially non-deductible to W-2 employees due to the increased standard deduction. As a self-employed individual, you can take the standard deduction and deduct health insurance premiums (as long as you or your spouse don't qualify for employer coverage).

Additional Business Expense Deductions

Filing as a self-employed individual allows you to deduct all ordinary and necessary business expenses from gross income, in addition to your standard deduction. Expenses that are often overlooked can be simple items like sunglasses, fire extinguishers, protective clothing, and security dogs.

Control of Your Tax Payments

With 1099 pay, you must plan and pay for your own taxes each quarter. This means you have an increased cash flow and you have more control over your own tax payments. By properly estimating your quarterly tax payments, you can actually keep more money throughout the year, and avoid having to wait for the IRS to refund you your own money that they have borrowed from you interest-free.



THE SUBCONTRACTOR SUCCESS GUIDE: TRUCKING SUBCONTRACTOR TAX DEDUCTION QUICK LIST

This quick list is to help you identify business expenses that are tax deductible and commonly used in the trucking industry. You may have unique necessary costs for your business not listed in this list. Use this guide as a starting point to help us work with you to follow the Internal Revenue Service's position: A tax deductible business expense must be ordinary and necessary when incurred to carry on your trade or business **(any expenses that are reimbursed are not eligible for a tax deduction)**.

Administrative Fees, Business Costs and Office Supplies

- Accounting Services
- ATM Fees, Bank Fees
- Calculator
- Comdata, Comcheck Fees
- Co-Driver
- Clipboard
- Computer Supplies
- Credit Card Fees
- Envelopes
- Ledger Book
- Legal Costs
- Paper
- Pens, Ruler
- Photocopies, Faxes
- Postage, Express Mail, TripPak
- Receipt Book
- Business Software
- Stapler & Staples

Communications

- CB Radio
- Cell Phone & Accessories
- Internet
- Phone Cards (business use)
- Qualcomm
- Repairs, Antennas, Cables
- Satellite Radios & TV

Insurance

- Bobtail
- Cargo Insurance/Claims
- Health, Dental, Vision

- Liability
- Occ./Acc., Work Comp
- Physical Damage

Maintenance

- Preventative Maintenance
- Coolant, Anti-Freeze
- Trailer/Tractor Wash
- Windshield Washer Fluid

Miscellaneous

- Business Magazines
- Business Memberships
- Business Travel (Bus, Train, Plane and Rental Car)
- Continuing Education
- DOT Physicals
- Drug Tests
- Storage

Permits, Licenses, Fees

- CDL Fees
- Parking
- Scales
- Tolls

Personal Supplies

- Clothing and Uniforms w/ Company Logo
- Gloves, Coveralls
- Laundry
- Motels
- Rain Gear

- Safety Shoes/Boots
- Showers
- Sunglasses

Small Tools and Truck Supplies

- Accessories
- Air Fresheners
- Alarm Clock
- Appliances
- Atlas & Maps
- Bedding, Sheets
- Bunk Heater
- Bungee Cords
- Chains, Tarps, Pallets
- Cleaning Supplies, Windex
- Coffee Pot
- Coolers
- Crockpot
- Electric Blanket
- Fire Extinguisher
- Flashlight & Batteries
- Fly Swatter
- Hangers
- Ice Scraper
- Kingpin & Padlocks
- Load-Locks
- Luggage
- Microwave
- Power Cords
- Power Washer
- Shop Equipment
- Vacuum
- Wax



THE SUBCONTRACTOR SUCCESS GUIDE: SEIZING THE PER DIEM TAX BREAK

Per Diem (per day) is one of your largest tax deductions as an owner-operator, but what is it exactly? In its simplest terms, the Per Diem deduction is a tax deduction that the IRS allows to substantiate ordinary and necessary business meals and incidental expenses paid or incurred while traveling away from home.

The per diem rate of owner-operators is broken down into either a full or a partial per diem day with the most recently updated rates listed below effective October 1st, 2021:

- Full per diem day - \$69.00
- Partial per diem day - \$51.75

For tax years 2021 and 2022, the IRS is allowing a 100% deduction on Per Diem rather than the normal 80%. This means you can deduct the full Per Diem deduction for each day you're away from home as both a driver and a ride-along that assists in business functions.

To keep up with the per diem tax deduction, grab a calendar and mark an X on every full day and a / on every partial day and tally those numbers up to provide to your tax professional at tax time.

At ATBS, our brand new [ATBS Per Diem tracker](#) allows our clients to quickly and easily mark their days within our app to make capturing the per diem tax break a breeze. With a running tally of your total per diem, we make it easy for you to track just how big of a tax deduction is coming your way.

Per diem can range from 10-15 thousand dollars so don't miss out on this easy deduction that will help keep more of your hard earned money in your pocket.

For a more detailed explanation including IRS guidelines please visit: <https://www.atbs.com/post/seizing-the-per-diem-tax-break>



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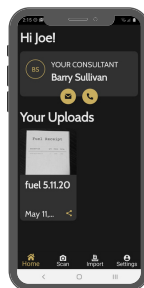
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