



The Dental Hygiene Boss

The Top 10 Tax Deductions for Dental Hygienists

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Welcome to the companion guide for "The Dental Hygiene Boss: The Dental Hygienist's Guide to Work for Yourself and Take Control of Your Life"! If you're reading this, you're likely ready to embark on a journey to elevate your role from clinical dental hygienist to become your own boss.

In "The Dental Hygiene Boss, The Dental Hygienist's Guide to Work for Yourself and Take Control of Your Life," we explored the benefits of becoming your own boss and the impacts it can have on your overall happiness and financial well-being. From deciding if becoming your own boss is right for you to structuring your business, the book provided a step-by-step guide on how to start up your own dental hygiene business. Now, with this companion guide, we aim to deepen your understanding of how to leverage the benefits of being a business owner to improve your tax liability debt. In this guide, we'll uncover the top 10 tax deductions that can help you optimize your finances and reduce your tax burden. While this list highlights some of the more commonly used deductions, it certainly doesn't cover all of them.

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What is a tax deduction?

As an independent contractor, you are entitled to leverage certain expenses as a tax deduction to lower your tax liability. Tax deductions are expenses that you can subtract from your taxable income, reducing the amount of income that is subject to taxation. By taking advantage of tax deductions, you can lower your tax bill and increase your overall financial health. Understanding the intricacies of tax laws and leveraging deductions can significantly impact your financial well-being.

For an expense to be legally considered a tax deduction, it must be considered ordinary and necessary for your profession or business. It should be common and accepted in your field of work and directly related to conducting business and earning income. The expense should be reasonable in amount; excessive or extravagant expenses may not be allowed as deductions. Moreover, the expense must comply with relevant tax laws and regulations. Certain expenses may be subject to limitations, exclusions, or specific requirements outlined in the tax.

Good record-keeping is the foundation of a successful tax strategy for self-employed individuals. Keeping accurate records is crucial when it comes to maximizing your tax deductions and ensuring compliance with the IRS. One of the key benefits of keeping meticulous records is the ability to claim all eligible tax deductions. Additionally, maintaining organized records can help you prove your expenses in the event of an audit. The IRS may request documentation to support your deductions, and having thorough records can make the audit process much smoother and less stressful. Tracking business expenses efficiently and accurately is crucial. Explore expense tracking apps that allow you to scan receipts, categorize expenses, and sync data with accounting software for seamless record-keeping. Save physical or digital copies of all receipts, invoices, and documents related to business expenses.

#1 : Home Office Tax Deductions

One of the most common tax deductions for self-employed individuals is the home office tax deduction. If you use a portion of your home exclusively for business purposes, you may be eligible to deduct expenses such as mortgage interest, property taxes, utilities, and maintenance costs related to your home office. One key requirement for claiming home office deductions is that the space you are using must be used exclusively for business purposes. This means that your home office cannot double as a personal space, such as a guest room or living room. It must be a designated area used solely for conducting the business of running your dental hygiene temp agency.

In order to claim home office deductions, you will need to calculate the percentage of your home that is used for business purposes. This can be done by measuring the square footage of your home office and dividing it by the total square footage of your home. This percentage will then be used to calculate the portion of your home-related expenses, such as rent, mortgage interest, utilities, and insurance, that can be deducted from your taxes. There are two methods for calculating home office deductions: the simplified method and the regular method. The simplified method allows you to deduct \$5 per square foot of your home office space, up to 300 square feet. The regular method involves calculating the actual expenses of your home office, such as utilities, insurance, and maintenance costs. Choose the method that will result in the largest deduction for you.

In addition, office furniture such as desks, chairs, filing cabinets, and shelving units can be deductible. This includes both new purchases and used furniture acquired for business purposes. Equipment such as printers, scanners, fax machines, and copiers can typically be deducted. You can also include Internet service if you use the internet for business purposes or to communicate with clients.

#2: Technology used for business purposes

Technology will be essential to operating your own business. Computers, laptops, mobile devices, and software expenses are all considered tax deductions. Both the initial purchase price and any upgrades or repairs can be considered deductible. Expenses related to business-related cell phone plans and data usage may also be deducted. Software and expenses related to purchasing or subscribing to business software are typically deductible, including accounting software and invoicing tools.

#3: Transportation and Travel Fees

Working as an independent contractor now allows you to deduct travel for work-related purposes. Attending conferences, seminars, or meetings are now deductible. You can generally deduct the cost of transportation (e.g., airfare, mileage), lodging, and meals incurred while away as a deductible expense.

Your daily commute to the offices that you work at is now tax-deductible. When it comes to vehicle expenses, there are two main methods for deducting them: the standard mileage rate or actual expenses. As of 2024, the standard mileage rate is 67 cents per mile driven for business-related trips. Alternatively, you can deduct the actual expenses associated with using your vehicle, including expenses such as gas, oil, repairs, maintenance, insurance, registration fees, and depreciation or lease payments. Although both are acceptable, you can only choose one method of deduction.

Also, expenses related to parking fees and tolls incurred while using your vehicle for business purposes are generally deductible. This can include traveling to work, meeting new clients, or even attending conferences or continuation education courses. It will be important to keep detailed records of vehicle usage, receipts, or expense logs. To qualify for any of these deductions, your vehicle must be used primarily for business purposes. Be certain to separate business mileage from personal mileage. There are numerous apps available to help you keep track of your mileage.

4: Conferences, Workshops, Seminars, and Continuing Education Courses.

Fortunately, the IRS recognizes the importance of investing in education and offers incentives to pursue learning opportunities. The benefits of attending conferences and continuing learning sessions extend far beyond expanding your knowledge base—they also present valuable opportunities to enhance your career prospects, network with industry peers, and stay abreast of emerging trends and innovations. However, the financial investment involved in attending these events can sometimes pose a barrier.

Everything from registration fees to travel expenses, accommodation costs, meal allowances, mileage, and parking fees is now deductible. Also, fees associated with renewing your professional credentials are now deductible. But it's not just about saving money—being your own boss allows you to take control of your professional growth and unlock the full potential of your career. Your professional growth and knowledge will quickly surpass the limits of working in one dental office in the traditional W-2 employee model.

#5: Professional Association Dues

As dental hygienists, we understand the importance of helping patients achieve a healthy smile, but it is just as important to participate in professional associations. Participation in our professional association is essential for fostering networking opportunities, continuing education, advocacy and representation, professional development, peer support, adherence to ethical standards, and access to career opportunities. By actively participating in and contributing to professional associations, individuals can enhance their professional growth, contribute to the advancement of their profession, and collectively shape the future of their industry. And now you can get all of this and a tax deduction!

#6: Uniforms and Laundry

As a clinical dental hygienist, the cost associated with purchasing and maintaining your uniforms may be tax-deductible. This includes the cost of scrubs, lab coats, and any specialized footwear required for your work. If you wash your work uniforms at home, you may be able to deduct a portion of your home laundry expenses as a business expense. This includes the cost of water, electricity, gas, and depreciation of laundry equipment (e.g., washing machine, dryer) used to clean work attire. To determine the deductible amount, you can calculate the percentage of your home laundry expenses attributable to washing work uniforms based on the ratio of your laundry usage for business purposes to total household usage. Additionally, expenses for purchasing laundry detergent, bleach, fabric softener, and other cleaning supplies directly related to maintaining work attire may also be deductible. If you choose to purchase protective gear such as gloves, masks, safety glasses, and face shields, it may also be included in deductible items.

#7: Consultation Fees

Starting a new business may involve hiring an accountant or tax consultant. The tax deductions associated with their services can ultimately result in significant savings for your new business. Moreover, their expertise can provide invaluable assistance in navigating tax complexities, maximizing deductions, and ensuring compliance with tax laws, allowing you to focus on growing your business with confidence. The fees you pay to your accountant or tax consultant are generally tax-deductible as a business expense. This includes fees for services such as tax planning, preparing financial statements, bookkeeping, and filing tax returns. Consultants can provide valuable advice on tax planning strategies to minimize your tax liability.

8: Retirement

Using retirement contributions as a tax deduction for an LLC (Limited Liability Company) can be a smart strategy for business owners to reduce their taxable income while simultaneously saving for retirement. As the owner of an LLC, you have the option to establish a retirement plan for yourself. Common retirement plans for LLCs include simplified employee pension (SEP) IRAs, solo 401(k) plans, and simple IRAs. Contributions made to a retirement plan on behalf of employees, including yourself as the owner, are generally tax-deductible as a business expense for the LLC. This means that the LLC can deduct the contributions from its taxable income, thereby lowering its overall tax liability. In addition, you can take advantage of tax-deferred growth and potentially reduce your tax liability while securing your financial future.

#9: Medical Expenses

Working as an independent contractor means you are responsible for your own health insurance premiums. The good news is that you can deduct these premiums as a business expense on your taxes. This can also include other types of insurance, such as dental, vision, and long-term care coverage. If you have a spouse or dependents who are also covered under your plan, their premiums may also be deductible. To qualify for the deduction, you must meet certain criteria: your health insurance plan must be established under your business or be in your name as a self-employed individual. Additionally, you must not be eligible to participate in a health insurance plan through another employer or be enrolled in Medicare. If you meet these requirements, you can deduct 100% of your health insurance premiums as a business expense.

#10: Equipment and Professional Items

Dental loupes can significantly improve the quality of care provided by dental hygienists. They can also promote health and well-being through improved ergonomics. Understanding the benefits of maximizing tax deductions allowed me to purchase the exact model and features I wanted without the limitations of cost. I have also purchased my own teaching aids and preferred dental hygiene product samples to show to patients. Even though I now work with many different offices, I have not compromised on the level of care that I deliver.

Although these are only the top 10 tax deductions for dental hygienists, the list doesn't stop here. Our hope is that you have found valuable insights and strategies to optimize your tax situation and maximize your savings. More importantly, hopefully you can see the potential of practicing dental hygiene the way you have always envisioned without the limitations of not having what you need due to cost or availability. Remember, tax laws and regulations may change over time, so it's essential to stay informed and consult with a qualified tax professional or accountant to ensure compliance and take full advantage of available deductions.

Thank you for reading, and we wish you continued success and prosperity in your dental hygiene journey to becoming your own boss. If you would like to discuss how we can help you on your journey, feel free to reach out to SK Hygiene Consulting at WWW.SKHygieneConsulting.com