Many legal nurse consultants start their businesses working out of their homes. It makes sense and it is affordable. Are you wondering how to save on your taxes when you work from home?

If you work from home full-time, you may be eligible for a range of tax deductions not available to traditionally employed people. Check with your accountant about these points to see if they apply to you. And if you are not in the U.S., check your tax laws in your country to see what tax savings you might be eligible for.

This is Pat Iyer with Iyer’s Insights, one of the twice weekly Legal Nurse Podcast shows.

Here are four of the main ones that can help you save on your taxes.

**A Home Office Deduction When You Work from Home**

This is applicable if you are running a business out of your home. If your home office is used exclusively and regularly for business purposes, you may be able to deduct a portion of your home-related expenses, such as mortgage interest, property taxes, homeowner’s insurance and some utilities.

But there is a catch. Make sure that the space is used exclusively for business and does not double as the family game room when you are not working. Working out of a corner of your bedroom does not qualify for an office at home.

An Internal Revenue Service (IRS) assessor may come to examine the workspace and determine what percent you can deduct based on what he or she finds.

**Self-Employment Taxes**

If you earn more than $400 net income in a single year (and I hope you do – you should make that on a single case), you must pay self-employment taxes in addition to income tax. The IRS uses a “pay-as-you-go system” for self-employment tax, so try to discipline yourself to send them estimated tax payments.
throughout the year. It is common to pay every quarter, so you don’t get hit with a huge tax bill at filing time.

**Mileage and Travel Expenses**

If you use your own car for business travel or pay for meals and accommodations out of your own pocket (such as when you need to go see clients), these expenses might qualify for a tax deduction. Keep all receipts and categorize them, such as food, transport and so on. Note that you must have actual receipts, not just credit card statements.

For car mileage, keep a log in the car if you can, and track things like oil changes and maintenance. At the end of the year, the IRS publishes the optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. The rate is 58 cents per mile for 2019.

When I went to attorneys’ office to see them in connection with working on cases, I invoiced the attorney for the mileage at the current IRS rate and charged for travel time. If you get reimbursed for mileage, you cannot deduct that mileage also.

**Self-Employment**

When you are self-employed, you are eligible many deductions, and subject to the same record-keeping requirements as employed workers and telecommuters. Keep meticulous records and receipts. Self-employment income and expenses are recorded on Schedule C of your tax return.
Smart Money Management

Before I continue with the show, let’s talk about one point: You know that controlling expenses and keeping good track of your income is vital for your business. In my online training presented by an accountant, you will discover what you should be doing from this skilled accountant. Learn simple and straightforward ways to manage and understand your money so that you can use that information to grow and better manage your business. You won’t want to miss this. The training is called **Smart Money Management**.

In this one-hour online training you will:

1. Identify and choose a simple and uncomplicated way to track your money and set budgets
2. Get tips and tricks on understanding your numbers
3. Refine your financial goals and use powerful techniques to achieve them

Order this training at the show notes of podcast.legalnursebusiness.com and use the code Listened in the coupon box to get a discount off the price.

Copyright 2019 The Pat Iyer Group podcast.legalnursebusiness.com
Next, let’s focus on medical and dental expenses deductions.

You can take itemized deductions on your Form 1040, Schedule A from the Internal Revenue Service (IRS) for yourself, your spouse and your dependents – provided the total medical expenses exceed 10% of your adjusted gross income, or 7.5% if you or your spouse is 65 or older. The bad news is that you are spending that much on health care, you or someone in your family is sick.

Medical care expenses include:

- Diagnostic tests
- Prevention of disease
- Payments for treatments affecting any structure or function of the body
- Dental expenses

With the high cost of co-pays and prescription drugs these days, one illness or stay in the hospital can tip you over 10% of your gross income, especially if you have little or no insurance and have not been saving in a health-related Flexible Spending Account (FSA).

You can contribute up to $5,000 of pre-tax dollars annually in an FSA, but you must keep all receipts. And it is “use or lose it” if you don’t submit all your claims or a full $5,000 of claims by March 31st of the following year.

A range of medical and dental expenses can be deducted. Here are a few of the main ones:

1. Hospital admissions

2. Nursing home admissions

Deductions for associated costs, including room and board, will be provided if there is medical need.
3. Payments of fees to:
   - Doctors
   - Dentists
   - Surgeons
   - Chiropractors
   - Psychiatrists
   - Psychologists
   - Specialists
   - Complementary and alternative medicine (CAM) practitioners, such as acupuncturists

4. Treatment for addiction, including nicotine, and all aids for withdrawal that require a prescription.

5. Participation in a doctor-prescribed weight loss program – but this will not usually include special diet foods or health club memberships.

6. Payments for insulin.

7. Prescription drugs.

8. Attendance at a medical conference for a chronic disease you or a family member suffer from, minus meals and lodging at the conference.

9. Various assistive items.

   These include:
   - False teeth
   - Reading or prescription eyeglasses
   - Contact lenses
   - Hearing aids
   - Crutches and other disability aids
   - Wheelchairs
   - A guide dog or other service animal to assist a visually impaired or hearing disabled person, or a person with other physical disabilities
9. Travel expenses to and from a facility that offers treatment.

These can include fares and costs for:

- Taxi
- Bus
- Train
- Ambulance
- Private car, including gas and oil, the standard mileage rate for medical expenses, which is 20 cents per mile in 2019, and the cost of tolls and parking.

10. Insurance premiums.

11. Long-term care insurance policy premiums you pay yourself above and beyond what is given to you as a benefit by your employer

**Other Rules and Regulations about Medical and Dental Expenses**

There are a few other rules and regulations to be aware of that have tax implications.

**Over-the-counter medications**

While you can’t deduct these on your taxes, they are eligible expenses under your FSA plan provided that your doctor writes you a prescription for them, such as allergy medicine, antacids and so on.

**Self-employed persons**

Here’s where many legal nurse consultants come in. If you’re self-employed and are showing a profit for the year, you may be eligible for the self-employed health insurance deduction. This is an adjustment to income, rather than an itemized deduction. Eligible expenses include:

- Premiums you paid on a health insurance policy covering medical care
- A long-term care insurance policy
- Premiums and policies as above for your spouse and children
- Certain medical expenses related to any child under 27, even if they don’t live with you

To determine whether an expense is deductible, use the free tool at the IRS.

You will need various personal tax data in order to use the tool correctly.

The tax laws change all the time. I suggest talking to your accountant to be sure you are taking advantage of the deductions a work from home person is entitled to, and to get guidance on simple ways to track your expenses.

Be sure to enroll in **Smart Money Management**, using the link in the show notes at podcast.legalnursebusiness.com. Use the code listened to get a 25% discount.

And please tell your LNC colleagues about Legal Nurse Podcast. I would love to reach more LNCs with our education.

I’ve got a phenomenal resource for you just waiting on LegalNurseBusiness.com. My online training and books are designed to help LNCs discover ways to strengthen their skills and businesses. Check them out at legalnursebusiness.com.

Many of us are lifelong learners who enjoy the chance to keep expanding our knowledge. Just like the book of the month clubs, LNCEU.com gives you two online trainings every month. We have a yearly payment plan that saves you over $50 compared to paying monthly, and each program is hugely discounted. Look at the options at LNCEU.com.

The LNCAcademy.com is the coaching program I offer to a select number of LNCs. You get my personal attention and mentorship so that you can excel and build a solid foundation for your LNC practice. Get all the details at LNCAcademy.com.