

How average are your Schedule C write-offs?

You never want your tax return to stick out like a sore thumb at the IRS. That's why it's good to know whether your deductions fall within the national averages.

If you do business as a sole proprietorship or single-member LLC, check out a newly published Government Accounting Office (GAO) report listing the percentage of taxpayers who claim each type of expense on Schedule C. Plus, the study lists each expense as a percentage of the total Schedule C expenses. (*See chart at right.*)

Example: Car and truck expenses were the most frequently claimed Schedule C expense, appearing on 71 percent of Schedule C's, making up about 11 percent of the total dollar amount of expenses claimed. About 56 percent showed supply expenses, and 53 percent took deductions for utilities.

One lesson: If you have a business expense that doesn't seem to fit into any specific category, don't fear dumping it into the category labeled "Other." More than 72 percent of Schedule C filers claimed expenses in the "Other" category, which takes in a broad range of expenses that aren't tied to a specific section.

Another finding: Sole proprietorships that claim the home-office deduction typically have lower expenses than expenses than those business owners that don't report home offices.

Bottom line: While these statistics offer a baseline for knowing whether your Schedule C write-offs are within the IRS "comfort zone," they shouldn't prevent you from taking a legitimate deduction. If one of your deductions seems larger than normal, simply make sure to keep especially good records in case the IRS comes calling.

To read the full GAO report, *Information on Expenses Claimed by Small Business Sole Proprietorships*, visit **www.gao.gov** and pull up report GAO-04-304.