

TAX TIP FOR AVON CONSULTANTS

PLEASE USE THIS TAX TIP ALONG WITH THE WORKSHEET FOR NETWORK MARKETING BUSINESSES

REASONABLE EXPECTATION OF PROFIT

Network Marketing is a legitimate form of business with significant tax advantages. Canada Revenue Agency requires that the business demonstrate a reasonable expectation of profit in order to qualify for the tax deductions. All this means is that the taxpayer must treat their business as a business and not a hobby.

ARE PRODUCT PURCHASES TAX DEDUCTIBLE?

Products purchased and used as samples are 100% tax deductible in the year they are purchased. Products for inventory or personal consumption are not deductible.

TRAVEL EXPENSES

Up to two Conventions per year are tax deductible. Conventions are events which are put on by the company. Events put on by other distributors are tax deductible without limit.

MEALS AND ENTERTAINMENT

Meals and Entertainment is 50% tax deductible. When you take a prospective customer or distributor out to lunch or dinner keep the receipt and write on the back of it who you met with and the purpose of the meeting.

TELEPHONE EXPENSES

A reasonable amount of your cell phone and business phone expenses are tax deductible.

AUTOMOBILE EXPENSES

Automobile expenses are deductible based on your mileage log – please see Tax Tips for Auto for Small Business

HOME OFFICE EXPENSES

Home office expenses are deductible based on your usage – please see Tax Tips for Home office for Small Business



Brian Petersen

MBA, CPA, CMA, CFP

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