

5 Tax Deductions

Every Horticulture
Business Should Take



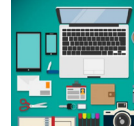


With tax season nearing, here is a quick rundown of ways you can reduce your annual tax bill and build in savings throughout the year to ensure you don't pay more than you have to come tax time. *But remember, the best way to make sure you are covered is by working with a professional financial advisor or a CPA.*



1. Tools and Equipment

Tools and equipment includes everything from the machinery and equipment used in your fields and warehouses to desktop calculators in your front office. If it's used within your agribusiness and is essential to your operation, it's eligible for a tax deduction. You can depreciate it over time or deduct the full amount or equipment purchased and paid for within the calendar year.



2. Front Office Equipment and Supplies

Office furniture, computers, office supplies, the business photocopier, and even chairs and white boards are deductible if purchased this calendar year. However due to changes in the tax code, you also have the ability to stretch those deductions over several years as the investment depreciates. In this way you can spread the benefit of the tax deduction over the depreciation period, usually around 3 years. Check with your CPA for specifics.



3. Business Software

Changes in the tax code now allow businesses like yours to deduct the cost of computer software that you have or are planning to purchase to help your business grow. Previously, many businesses had to depreciate the cost of computer software over 3 years. Now, the software can be fully expensed in the year purchased.

Software that is purchased as a subscription model (SaaS) — meaning it stops working at the end of the subscription period unless renewed — is treated as an operating expense. This allows you to deduct your subscription fees every year.

Software that you purchase to own, sometimes called on-premise or off-the-shelf software, can now only be deducted in the year of purchase. However, fees paid to host your purchased software on a third-party's servers can be deducted annually.

Both subscription and purchase models are available to meet your business needs and your financial preference.



4. Mileage and Vehicles

With all the driving you do, from deliveries to pickups and everything in between, your own vehicles are eligible for tax savings. To save on your taxes, keep in mind the IRS only allows for miles that are used for business and make sure you keep a notebook in the glove box to record date, mileage, tolls, parking, and any other costs associated with the miles. The standard mileage rate for 2016 is 54 cents per mile.





5. Uniforms and Clothing

If you provide special shirts or uniforms for your employees, these costs are deductible. This includes company shirts worn in the front office and other forms of outerwear such as goggles or hardhats or special footwear. The main requirement is that every item of purchased clothing that you want to deduct must not be for personal use outside your shop.

Next Steps:

Now that you've taken all the deductions you're entitled to, be sure your agribusiness software helps make your tax preparation easier.

Argos Software allows you to store a taxpayer ID number in a vendor record and identifies if the supplier is a 1099 vendor. With the Government Utility (GU) program that Argos Software offers, you can sync your data with the Abecas Insight product to produce your 1099 and W2s. Argos Software's GU utilizes the data within Insight to produce the 1099 in paper or electronic format, as well as W2s in either format. Argos validates changes for the year in relation to formatting and tax rates and distributes the GU program on the Web for our users to download and install.

Argos also supports Canadian forms and other specialized forms within the GU, so these features are customizable to fit your accounting needs! To see if your specialized form works within our GU program to help improve your accounting and tax reporting functionalities, please contact us today!

The Bottom Line:

Every dollar matters - especially when it comes to taxes. Do a dry run of your taxes and identify potential areas of savings. If you've been thinking of getting a better software system to run your business, your best strategy may be "buy to save."

Invest in industry-specific software now that can help you grow profits, simplify daily operations, and take advantage of the tax savings.

Call us to discuss your software needs today.



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These suggestions are not intended as tax preparation advice. You should work with a qualified accountant or tax preparation specialist to see which of these tax deductions are right for your organization.

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