



MUSICIAN DEDUCTION GUIDE

Instrument Expenses (see attachment)

- Cost of instrument
- Instrument depreciation
- Instrument upkeep and repairs
- Instrument accessories

Studio/Workspace Expenses

- Rent for classroom or teaching space
- Utility costs for workspace
- Equipment for workspace
- Booking fees for workspace or recording studios

Licenses and Membership fees

- Membership fees to professional associations
- Membership fees to unions
- Attendance fees to Industry association functions
- Costs associated with registering a business

Travel For Work (Out of Town)

- Airfare
- Accommodations
- Ground transportation
- Rental car
- Meals

Vehicle (see attachment)

- Vehicle deduction
- Parking and Toll Fees

Home Office (see attachment)

- Home office deduction
- Office supplies
- Office furniture
- Office equipment

Food

- Meals during business meetings
- Coffee or Snacks for rehearsals or studio sessions

Technology

- Phones, Laptops, iPads, and accessories
- Headphones
- Music production software

Bills

- Portion of cell phone bill
- Portion of internet bill
- Business phone line

Recording

- Audio editing software
- Video editing software
- Audio and video recording equipment

Online Presence

- Website and hosting fees
- Online advertising costs
- Social media promotion
- Email marketing services

Miscellaneous

- Postage and shipping
- Photocopying and printing
- Storage unit rental

Professional development

- Concert tickets
- Seminars and workshops
- Event registration fees
- Lessons
- Online courses
- Music books and educational materials
- Business cards and promotional materials

Creative Assistance

- Fees for hiring creative professionals
- Collaboration fees

Subscriptions

- Subscriptions to music streaming services
- Subscription to music industry publications
- Subscriptions to apps related to music
- Subscriptions to software

Professional Insurance

- Liability insurance
- Instrument insurance

Performance Expenses

- Venue booking fees
- Promotional material
- Stagehand/Stage setup fees
- Performance License

Photography

- Head shots
- Photography services
- Printing costs
- Graphic design services

Music Licensing and Copyrights

- Copyright registration fees
- Licensing fees
- Royalty collection fees
- Trademark registration fees

Professional Representation

- Agent fees
- Manager fees
- Publicist fees
- Booking agent fees

Legal and Professional Fees

- Legal fees
- Accounting/CPA fees
- Financial planning fees
- Consultation fees
- Contract review fees

Banking Fees

- Business account fees
- Transaction fees
- Credit card processing fees
- Overdraft fees

Retirement Savings

- Contributions to a SEP IRA or Solo 401k
- Contributions to traditional IRA

Healthcare expenses

- Health insurance premiums
- Medical expenses
- Prescription medication
- HSA contributions

Research Expenses

- Market research
- Industry reports
- Competitor Analysis

Donations

Instrument Depreciation



Depreciation is the primary method musicians use to recover the cost of high-value business assets, such as professional instruments, recording equipment, amplifiers, and production computers.

Unlike everyday business expenses (like strings or sheet music), which are fully deductible in the year they are purchased, high-cost items that are used for multiple years must have their costs deducted gradually over their **useful life**. For musical instruments, the official IRS General Depreciation System (GDS) "useful life" is **7 years**.

Comparing the Two Primary Deduction Methods

For self-employed musicians, you generally have two powerful paths for deducting an instrument purchase:

	Section 179 Expensing (Upfront)	Standard Depreciation (MACRS)
How it Works	You deduct 100% of the cost of the instrument in the year you buy it.	You deduct a percentage of the cost every year over its useful life (7 years).
Cash Flow	Provides a massive upfront tax savings in year one.	Spreads tax savings evenly over 7 years , reducing future taxable income.
Limits	Subject to annual dollar limits (which are extremely high, e.g., >\$1 million) but cannot be used to create a business loss.	No income limit; can create a net operating loss (NOL) that carries forward.

Best For	High-income years where you need a big deduction <i>now</i> to offset profits.	Stable tax write-offs for the foreseeable future.
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- **Example:** For a **\$30,000 cello** used **90% for business**, your depreciable basis is \$27,000. **Section 179** provides a full **\$27,000 write-off in Year One**. **Standard Depreciation** yields a **\$3,857 write off in Year One**, and continues every year through Year 7.

Qualifying Instruments & Equipment

The depreciation rules apply to tangible personal property used regularly in your trade or business.

Eligible High-Value Items:

- **Musical Instruments:** pianos, cellos, violins, synthesizers, woodwinds, brass, etc.
- **Audio & Recording Gear:** Microphones, mixing consoles, audio interfaces, monitors, rack gear, field recorders, computers for production.
- **Amplification & PA Systems:** Amps, speakers, subwoofers, digital mixers, and lighting rigs used for live performance.
- **Studio Furniture:** Acoustic treatment, specialized desks, and monitor stands.

3 Crucial IRS Rules for Depreciating Instruments

1. **Regular & Necessary Use:** The instrument must be an active part of your trade or business. An instrument that sits in your living room purely for pleasure does not qualify.
2. **Business Use Percentage:** If you use an instrument 70% for gigs and lessons, and 30% for personal enjoyment, you can only depreciate 70% of its cost. Keep a log or have a reasonable method for determining this split (e.g., hours practiced for gigs vs. personal enjoyment).
3. **Placed in Service Date:** Depreciation begins in the tax year the instrument is "placed in service"—meaning it is ready and available for its specific business use (even if your first gig using it isn't until the following year).

Home Office Deduction



The **Home Office Deduction** is one of the most powerful tax strategies available to self-employed musicians, music teachers, producers, and freelancers (1099 contractors).

Comparing the Two Deduction Methods

The IRS allows you to choose between two calculation methods each tax year:

	Simplified Method	Actual Expense Method (Regular)
Calculation	\$5 per square foot of dedicated space	Percentage of total home expenses (Studio sq. ft. ÷ Total home sq. ft.)
Cap / Limit	Max 300 sq. ft. (\$1,500 maximum deduction)	No dollar cap (proportional to total housing costs)
Record Keeping	Minimal (just measure room square footage)	Requires receipts for rent, utilities, internet, repairs, and insurance
Best For	Lower housing costs or small practice corners	Most scenarios, especially if you own your home or live in a high rent area.

- **Example:** For a **200 sq. ft. home studio** in a **1,200 sq. ft. home**. $200/1200 = 16.7\%$. If you spend \$2,580/month in total housing costs, that equals \$30,960 for the year. Multiply that by 16.7% and the **Actual Expense Method** yields a **\$5,170 annual deduction**, compared to just **\$1,000** under the Simplified Method.

Qualifying Music Spaces & Deductible Expenses

To qualify, your home office space must be used **regularly and exclusively** for your music business.

Eligible Spaces:

- **Practice & Teaching Rooms:** A dedicated room for vocal/instrument practice, teaching students, or rehearsing.
- **Recording Studios & Control Rooms:** Spaces set up for tracking, mixing, mastering, or podcasting.
- **Administrative Space:** An office space used for booking gigs, managing invoices, marketing, and score preparation.

Deductible Housing Expense Categories (Actual Method):

1. **Rent or Mortgage Interest:** Deduct your studio's square footage percentage from your annual rent or home mortgage interest.
2. **Utilities:** Power, gas, heating, water, and trash services (essential for climate control and equipment power).
3. **Internet & WiFi:** The portion of internet service required for streaming, distributing music, holding online lessons, or sending high-res audio files.
4. **Homeowner's / Renter's Insurance:** Protects the physical structure where your gear is housed.
5. **Repairs & Maintenance:** Direct repairs to the studio (e.g., soundproofing installation) are **100% deductible**, while general home repairs are deductible by your home office percentage.

The 2 Mandatory IRS Rules for Musicians

1. **Exclusive Use:** The area must be used *only* for business. A dedicated spare bedroom converted into a recording studio qualifies; practicing on a piano sitting in the middle of your living room does not.
2. **Principal Place of Business:** Your home studio must be your primary location for administrative tasks, practicing, recording, or meeting with students/clients. (Even if you perform at external venues/gigs, your home studio qualifies if it is where you rehearse, compose, and/or manage the business).

Vehicle Expense Deduction



The **Vehicle Expense Deduction** is another major tax write-off for working musicians, touring artists, music teachers, and audio engineers.

Because musicians frequently haul heavy gear, drive between venues, travel to recording studios, and commute to private lessons, auto expenses can quickly become one of your largest annual tax deductions.

Comparing the Two Deduction Methods

The IRS gives self-employed taxpayers two ways to calculate vehicle deductions:

Feature	Standard Mileage Rate	Actual Expense Method
Calculation	\$0.76/mile(IRS standard rate for business driving)	Business Use Percentage $\times$ Total Annual Vehicle Costs
Record Keeping	Mileage log (date, miles, business purpose, destination)	Mileage log PLUS receipts for gas, repairs, insurance, etc.
Depreciation / Lease	Built directly into the standard mileage rate	Claimed separately via vehicle depreciation schedules or lease payments
Best For	Fuel-efficient cars, high business mileage, minimal repairs	Heavy gear vans/SUVs, high gas costs, expensive leases, high maintenance

- Example:** Driving \$12,000 business miles out of \$18,000 total annual miles = 66.7% business use. A vehicle costing \$11,500/year to run generates an **Actual Expense deduction of \$7,667** compared to **\$8,040** using the Standard Mileage Rate.

What Counts as "Business Mileage" for Musicians?

Not every mile driven is deductible. The IRS distinguishes between **commuting** (non-deductible) and **business driving** (deductible).

Having a qualifying home office makes a huge difference here!

If you **have a qualifying home office**, then every mile you drive from your home to another place of business counts as "business mileage".

If you **do not have a qualifying home office**, then mileage driven from your home to your first place of business, and your drive back home are considered a commute and are not deductible.

Only drives between places of business can be deducted.

Deductible Business Driving:

- **Gig & Performance Travel:** Driving from your home office or studio to venues, theaters, wedding sites, or festival grounds.
- **Rehearsals & Soundchecks:** Trips to band rehearsal spaces, choir halls, or orchestra practices.
- **Recording & Production:** Driving to commercial recording studios, mixing suites, or mastering facilities.
- **Teaching & Lessons:** Traveling to students' homes, music schools, or universities to teach.
- **Business Errands:** Driving to buy gear, pick up instruments from repair shops, buy sheet music, or meet with managers and accountants.
- **Touring:** Driving long distances or interstate between tour stops.

Non-Deductible Commuting:

- Driving from your home to a **regular, permanent W-2 job** (e.g., if you work a daily day job at a retail store).
- Driving from your home (or returning home) when you don't have a home office

Deductible Expense Categories (Actual Method)

If you choose the Actual Expense Method, you can deduct the business-use percentage (66.7% in the example chart) of the following expenses:

1. **Depreciation or Lease Payments:** The business portion of your monthly lease or the yearly depreciation allowance for purchased vehicles (vans/trucks often qualify for accelerated depreciation).

2. **Gas & Fuel:** All fuel costs accrued throughout the tax year.
3. **Auto Insurance:** The business portion of your annual auto insurance premium.
4. **Repairs, Maintenance & Tires:** Oil changes, brake replacements, new tires, and mechanical fixes required to keep your tour/work vehicle reliable.
5. **Registration & State Fees:** Vehicle licensing, annual registration, and inspection costs.

+ Bonus Write-Offs (Allowed under BOTH methods):

- **Parking Fees & Tolls:** 100% of parking fees and highway tolls paid while traveling for gigs, rehearsals, or business errands are **fully deductible**, regardless of whether you use the Standard Mileage Rate or Actual Expense Method.
- **Vehicle Loan Interest:** The business percentage of auto loan interest paid during the year is deductible on Schedule C.

3 Crucial IRS Rules for Musicians

1. **The First-Year Rule:** If you want to use the Standard Mileage Rate for a car you own, you **must choose it in the first year** you use the car for business. In later years, you can switch back and forth between Standard Mileage and Actual Expenses. If you start with Actual Expenses in year one, you are locked into Actual Expenses for the life of that vehicle.
2. **Keep an Automated Mileage Log:** The IRS requires a contemporaneous mileage log. Use GPS mileage-tracking apps (like MileIQ, QuickBooks Self-Employed, or Stride) to automatically log your trips, destinations, and business reasons.
3. **Document Gear Transportation:** If you drive a larger vehicle (like a cargo van or SUV) specifically to haul drums, PA systems, amplifiers, or double basses, document that the vehicle size is a business necessity for hauling equipment.