

"The meek may inherit the earth... but they will also overpay their taxes" - 5/1/2000
by [Sandy Botkin](#)

by Sandy Botkin, CPA, Esq.

One of the best audit protection techniques that all network marketers should do is to have separate credit cards used solely for business expenses. The importance of this can not be overstated. Separate cards will result in keeping better records for business expenses. In addition, by using certain credit cards solely for business, you can also deduct any interest that you have incurred.

TIP: If you are going to owe some interest on a credit card, always owe it on cards used for business. You will be able to deduct all the interest on these cards. However, interests incurred on cards used personally are not deductible.

Finally, another benefit of using some credit cards solely for business is that you can deduct all the annual fees on the card. Thus, if you pay \$60 per year as a fee for using you American Express card that is used solely for business, you may deduct the full \$60 as a business expense. If you don't use a credit card solely for business, IRS requires you to allocate the interest and credit card fees based on the business usage of your card. Thus, if you don't use certain credit cards solely for business, you will have to trace all your expenses each month and allocate those expenses between business and personal. YUCH!

Hopefully, now that I have convinced you to use one or more credit cards solely for business, the next question is: which one should I use? I like American Express. Yes, they do charge a high fee! However, American Express gives you some benefits that other cards don't. First, and foremost, they give you copies of all your charge slips. not just monthly statements. This can be very beneficial if you are audited. Secondly, they will give frequent flyer points that can be used on many airlines. These points can be carried over forever. They never run out as do many other frequent flyer points. The key here is that you must request American Express to be placed in their frequent flyer program. They won't tell you about it if you don't ask.

In short- having one or more credit cards used solely for business is a great idea. It will certainly make your record keeping a lot less complicated and make your life less taxing!

Sandy Botkin is a CPA, attorney and former trainer of IRS attorneys nationwide. He lectures all over the nation on tax planning for self-employed and corporate taxpayers and can be seen in the big events with Donald Trump, Anthony Robbins and many others. He has been written up in Newsweek and in many other magazines. He is also a syndicated writer and noted author of this famed tape series "Tax Strategies for Business Professionals" and "Tax and Financial Strategies for Residential Real Estate." To find out more about Sandy and his products, check out his terrific small business web site at: www.taxreductioninstitute.com or by calling his office at 301-972-3600 in Maryland.