

SMART TAX STRATEGIES FOR LANDSCAPERS

Unlock hidden tax credits
your landscaping company
might be missing!



**FREE
TAX GUIDE**



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Federal Tax Credit: Excise/Fuel Tax Refund

- Landscaping businesses pay **federal fuel taxes** (18.4¢/gallon gas; 24.4¢/gallon diesel) on fuel for off-highway equipment like mowers, blowers, and generators.
 - If you use fuel not dyed for highway use, you may claim a **100% refund** via **IRS Form 4136**.
 - On average, landscapers recover around **\$700 per year**, though many fail to claim it.
 - Keep a detailed fuel log—even if receipts aren't required—to substantiate your claim.
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Common IRS Credits & General Business Tax Credits

While not unique to landscaping, these credits benefit many small businesses:

- **Work Opportunity Tax Credit (WOTC)** if you hire individuals from certain targeted groups.
 - **Research & Development (R&D) Credit**, if you develop new processes or technologies—even landscaping methods or soil treatments could qualify.
 - **Family leave credit** (12.5–25% of wages) for providing paid family leave through 2025.
 - **Small Business Health Care Tax Credit** if you offer SHOP plan coverage and meet FTE and wage thresholds.
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Business Deductions (vs. Credits)

While not credits, deductions reduce taxable income and are highly relevant to landscapers:

Equipment & Vehicle Expenses

- Deduct purchases of tools, supplies, machinery, and materials.
- Use **Section 179 expensing** or **bonus depreciation**: for example, in 2025 bonus depreciation is 40% of eligible assets; dropping to 20% in 2026.
- Section 179 limits were recently increased, enabling faster write-off of equipment costs (e.g. commercial mowers).

Home Office Deduction

- If you have a home office used **regularly and exclusively** for landscaping office work, you can deduct a portion of your home expenses.
- You may also deduct a proportional share of your **lawn care or landscaping costs** if they are tied directly to that home office use (as supported by several IRS-approved Tax Court cases).

Vehicle & Mileage

- Track **business miles** carefully. You can deduct actual vehicle expenses or use the IRS standard mileage rate.

Labor, Advertising, Insurance & Supplies

- Wages to employees or subcontractors, business insurance, advertising, rent, or contract labor are deductible business expenses.

Rental Property

- If you own rental properties, you can deduct landscaping maintenance and lawn care as operating expenses.

Energy-Related Credits (for properties landscaping touches)

Landscaping jobs that include **qualified energy-efficient improvements** (e.g., efficient irrigation systems, solar-powered lighting or pumps) may qualify for:

- **Energy Efficient Home Improvement Credit** – up to **30%** of qualifying costs (max \$1,200/year or \$2,000/year for heat pumps, etc.), through **2032**.
- **Residential Clean Energy Credit** – 30% credit through 2032 for solar, battery storage, geothermal, etc.

Note: some pending legislation (“One Big Beautiful Bill Act” in July 2025) proposes phasing out clean energy credits earlier—so timing matters.

Summary Table

Incentive Type	What It Covers	Key Benefit
Federal Fuel Tax Refund	Fuel used in off-road equipment	100% fuel tax refund, average ~\$700/year
Work Opportunity Tax Credit	Hiring eligible employees	Tax credit for employer payroll taxes
R&D Tax Credit	New methods/processes	7–10% of qualifying expenses
Family Leave Tax Credit	Paid family leave provided to staff	Up to 25% of qualified wages
Small Business Health Care Credit	Employee health plan premiums	Partial credit if <25 FTEs & low average wages
Equipment & Bonus Depreciation	New tools & machinery	Write-off 40% (2025) and via Section 179 deduction
Home Office Deduction	Office used exclusively at home	Share of mortgage, utilities, and possibly yard care
Vehicle & Miles Deduction	Business vehicle usage	Deduct mileage or actual auto expenses
Marketing, Supplies, Insurance	Day-to-day business operations	All ordinary & necessary expenses are deductible
Rental Property Landscaping	Maintenance of rental properties	Deductible as ordinary operating expense
Energy-Efficiency Credits	Solar, pumps, irrigation, battery, heat pumps	30% credit under IRA through 2032

✅ Action Steps to Maximize Savings

1. **File IRS Form 4136** to claim your fuel tax refund.
 2. **Keep careful logs and records:** track fuel use, office space, vehicle mileage, equipment purchases, etc.
 3. **Leverage bonus depreciation & Section 179** to accelerate write-offs on equipment purchases.
 4. **Evaluate labor credits and hiring incentives** (e.g. WOTC, family leave).
 5. **If you perform energy-efficient installation elements**, confirm they qualify for clean energy credits.
 6. **Consider consulting a tax professional**—especially for complex credits like R&D, and home office vs. landscaping expense attribution.
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⚠️ Key Things to Watch

- Some **energy credits may phase out earlier** if new legislation passes. Projects should start before mid-2026 to ensure eligibility.
 - **Home office deductions**, including shared landscaping expenses, require **strict documentation** and exclusive use.
 - **Self-employment tax (15.3%)** is payable if you're sole proprietor—but half of that is deductible.
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In sum, while landscapers don't have a multitude of **industry-specific tax credits**, you can unlock meaningful savings from the **fuel tax refund**, **depreciation deductions**, and targeted business credits. Proper documentation and timing (especially on clean-energy incentives) are essential.

Let me know if you want help walking through any specific form or preparing your records!

FUEL TAX REFUND LOG

Business Name: _____

EIN: _____

Period Covered: From _____ to _____

Date	Vendor Name	Gallons Purchased	Fuel Type	Total Cost	Equipment/Vehicle Used	On-Road Use? (Y/N)	Purpose of Use	Notes
2025-01-03	Shell Watertown	25	Gasoline	\$95.00	Lawn Mower #1	N	Commercial Lawn Mowing	
2025-01-10	Cenex Deuel County	15	Diesel	\$67.50	Skid Steer Loader	N	Landscaping Materials Haul	
2025-01-15	Casey's Brookings	20	Gasoline	\$76.00	Pickup Truck	Y	Customer Property Transport	Split use
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Key Tips for Proper Logging:

- **Separate on-road vs. off-road fuel usage.** Only *off-road* fuel is eligible for most tax refunds.
- **Track each piece of equipment or vehicle separately** if possible.
- **Include receipts** and attach them to this log.
- Keep logs **up-to-date monthly** for easier tax prep and defense in case of audit.