

# Tax Deductions for FBA retailers

"FBA" typically refers to the Fulfillment by Amazon service provided by the e-commerce giant Amazon. FBA retailers are individuals or businesses that utilize Amazon's Fulfillment by Amazon service to store, pack, and ship their products to customers.

While there's not much you can do to influence sales tax rates and payments, you can work to minimize your year-end tax bill as an FBA retailer. You can legally lower your tax obligations by taking advantage of every possible tax deduction, especially the ones most common when selling on Amazon. Virtually every dollar you spend directly on your business counts, but exceptions exist.

*Note: Tax deductions are expenses that lower your taxable income. When you lower your taxable income, you'll owe less in taxes.*

Here are some of the most common tax deductions for FBA retailers:

1. **Shipping:** Shipping costs to get your products to your facility, Amazon's warehouses, or customers are tax-deductible.
2. **Packaging:** Boxes, shipping labels, padding, and tape are among the most common costs related to packaging.
3. **Seller fees:** Whether it's listing, transaction, or payment processing fees, any amount Amazon [charges you to sell](#) on their platform is a deductible expense, even if it's taken from you before the money is released to you.
4. **Amazon Ads and other advertising:** If you're using Amazon Ads to promote your products, this counts as a marketing expense that is tax deductible. Similar online advertising like Google, Facebook, Instagram, and TikTok are also deductible expenses. Or, if you prefer other advertising like print ads, billboards, radio, or podcasts, keep a tally of that spend for your year-end tax filing.
5. **Banking, payment, and insurance costs:** While savvy business owners work to limit banking and insurance costs, nearly all ecommerce businesses pay something for payment processing, banking, and other financial accounts and services. Any insurance expenses are also deduction-worthy.
6. **Work locations:** Your office location—including a [home office](#)—and any other physical locations you maintain are a significant source of tax deductions. That includes rent or mortgage payments, insurance, utilities, and costs to maintain or upgrade your workspace.
7. **Software and utilities:** Online businesses often rely on website hosting and a suite of tools to help you with various parts of your business. From photo editing software for promotional pictures to tax calculation tools, direct business expenses for software are tax-deductible.
8. **Education:** If you take classes or courses to build your business skills or pay for employees or contractors to do so, it's likely tax-deductible. Classes don't have to be from a major college or university—even online courses count as business education costs.

9. **Business conferences and travel:** In addition to conference fees, you can write off the cost of airfare, hotels, and ground transportation for the event or meeting.
10. **Professional services:** Your accounting firm, lawyer, and other [professionals required for your business](#) may be a critical part of your team. Fortunately, these are also deductible costs for your company.

These costs should be fully tax-deductible outside of certain dining and entertainment expenses. When in doubt, check with your accountant at KB Tax Adviser to ensure the deduction applies to your business.