Sage | Expense Management

Expense coding doesn't have to hurt!

Your blueprint for smarter spending. A definitive list of expense categories and the steps to build an automated system putting the categorization pain behind you.

Top 33 tax-deductible business expense categories

Use this comprehensive list as the foundational standard for your organization's expense policy to ensure consistency and compliance.

Expense category	Examples
Utilities	Costs for electricity, water, internet, and other essential services.
Rent or mortgage costs	Payments for leased or owned business premises.
Office supplies and assets	Items used for daily operations and long-term investments in equipment.
Business trip expenses	Costs incurred while traveling for business purposes (flights, hotels, meals, etc.).
Marketing	Expenditures on advertising, promotions, and public relations.
Employees' salaries	Compensation paid to staff members.
Employee training	Costs for developing employee skills and knowledge.
Business insurance	Protection against potential financial losses.
Bank fees	Charges imposed by financial institutions for business transactions.
Gadgets	Electronic devices used for business operations (computers, tablets, smartphones).
Printing expenses	Costs for office printing and related supplies.
Software expenses	Purchases and subscriptions for business software.
Website expenses	Costs associated with maintaining an online business presence.
Internet expenses	Fees for internet connectivity used for business purposes.
Presents	Gifts given to clients or employees for business promotion.
Continuing education	Expenses for professional development and training.
Credit and collection fees	Costs incurred in managing unpaid invoices.
Dues and subscriptions	Membership fees for professional organizations.
Maintenance and repairs	Costs for upkeep of business property and equipment.
Legal and professional expenses	Fees paid to lawyers, accountants, and consultants.
Telephone	Costs for business phone lines and mobile services.
Postage and shipping	Expenses related to mailing and shipping products or documents.
Moving expenses	Costs incurred when relocating a business.
Depreciation	The gradual reduction in the value of assets over time.

Top 33 tax-deductible business expense categories

Expense category	Examples
Charitable contributions	Donations made to qualifying organizations.
Child and/or dependent care	Costs for childcare or dependent care services.
Startup expenses	Costs to investigate or create an active trade or business before operations begin.
Mortgage interest	Interest paid on business loans secured by property.
Books and magazine subscriptions	Costs for industry-related publications.
Foreign earned income	Income earned by businesses operating overseas.
Medical expenses	Healthcare costs for self-employed individuals.
Licenses and permits	Fees for obtaining necessary business permits.
Manufacturing or raw materials	Costs associated with producing goods or services.

Why a list of expense categories isn't enough?

You're systematically building-in errors:	Inconsistent manual categorization makes your data unreliable and costs small businesses an ***average of 4 hours and $520 every month.***
Every "judgment call" has a hard cost:	Forcing employees to make subjective judgment calls is expensive; it takes a finance professional an average of ***18 minutes to correct just one resulting error.***
Spend policies are ignored at the point of sale:	Employees forget static rules, but real-time enforcement works. In 2024, Sage Expense Management detected ***11,258 policy violations, saving customers over $4.6 million.***
Manual processes don't scale:	The simple ***Chart of Accounts that works for 20 employees breaks at 50, forcing a choice*** between a complex system no one understands or a total loss of spending visibility.
The dreaded "Miscellaneous" category:	This category becomes a dumping ground due to process complexity, creating a data black hole that makes accurate forecasting and strategic analysis impossible.

Great financial data starts with flawless categorization

Accurate financial reporting, reliable forecasting, and a stress-free audit all depend on one thing: **consistent expense categorization.**

But having a standard is only half the battle.

The real challenge is ensuring every person on your team applies it correctly, every single time.

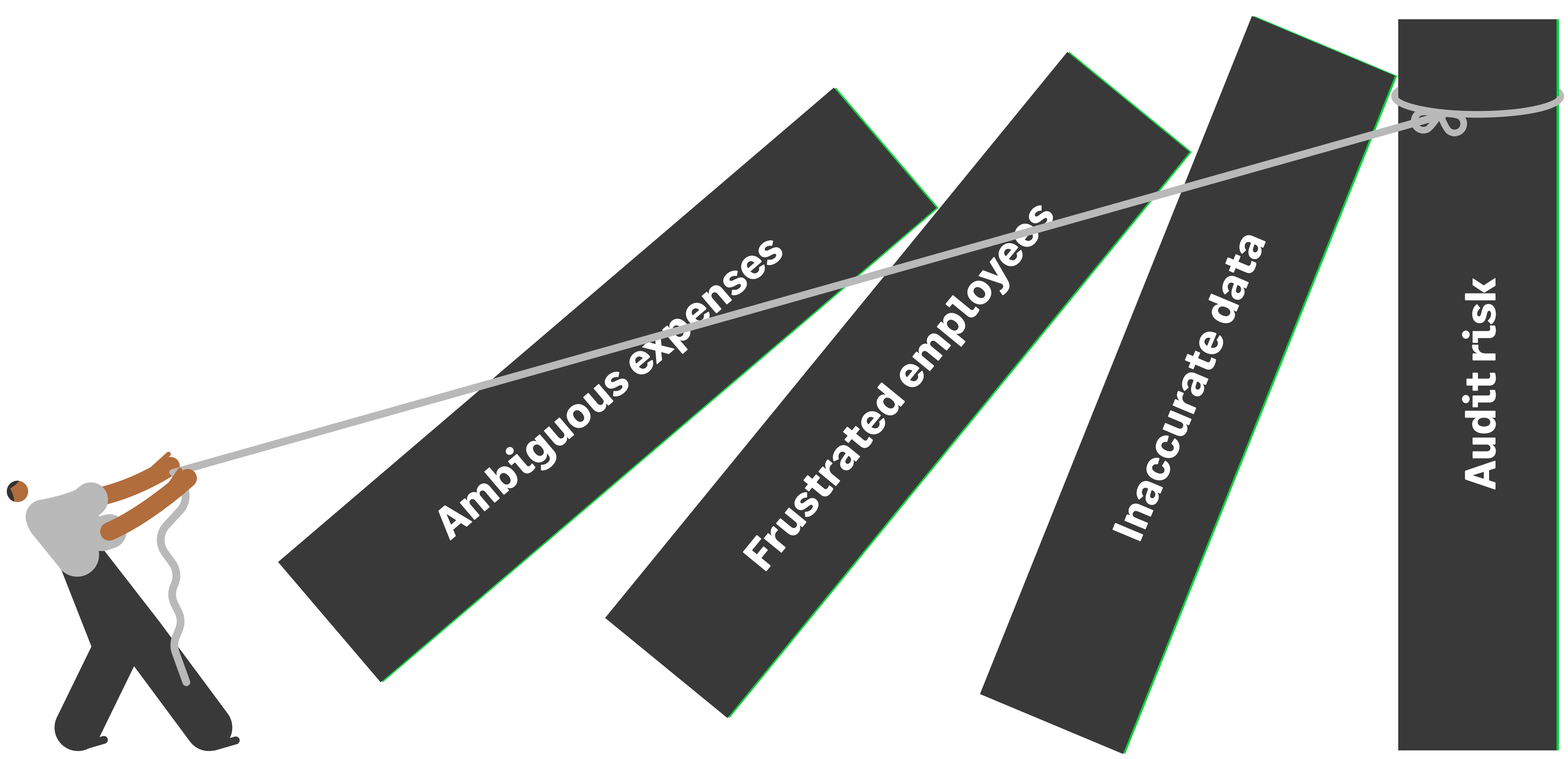
When left to manual entry and guesswork, you get what one controller calls the **"constant back-and-forth with employees over receipts,"** which eats into valuable time and compromises your data's integrity.

Time and money lost in manually coding and categorizing expenses

Small businesses (1-50 employee size)	4 hrs	$520 monthly
Medium businesses (51-250 employee size)	12 hrs	$988 monthly
Large businesses (>251 employee size)	34 hrs	$4940 mthly

The domino effect of a single bad category

That moment of guesswork over one expense isn't an isolated problem - it's the start of a domino effect that impacts the integrity of your financial data and slows your team down.



It starts with one vague charge. The finance team has to stop their work to chase down the employee, wasting time for everyone involved.

→ The "chase" and confusing categories frustrate employees, leading them to guess or submit reports late. **This is how the "Miscellaneous" black hole is born.**

→ That guesswork feeds flawed data directly into your books. **Your budget vs. actuals become unreliable,** and forecasting becomes a house of cards.

→ Finally, **this inconsistency is a major red flag for auditors.** What started as a small question can end in disallowed deductions and penalties.

The playbook is powerful, but the process is still broken

The standards in this playbook are your best defense against messy books. But even the best playbook relies on a manual process, which is where the chain reaction of problems begins.

We've seen how it starts with the unproductive chase to answer ***"What was this for?"*** This leads to frustrated employees guessing categories, which feeds "inaccurate data" into your budget reports and creates major red flags for auditors.

You don't just need better rules; you need an automated system that enforces them. Top finance teams don't just have a playbook; ***they put it on autopilot.***

This is where Sage Expense Management comes in.

Sage | Expense Management

How we put your playbook on autopilot

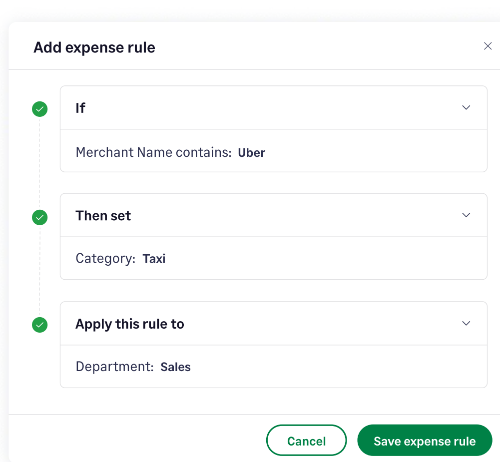
Sage Expense Management isn't just another tool; it's an intelligent system designed to run your entire expense management playbook for you.

From the moment an expense occurs till it's reconciled in your books, Sage Expense Management eliminates the manual touch-points that cause errors and delays.

Expense rules to auto-fill details

This is your primary tool to stop the "Inaccurate data" cycle.

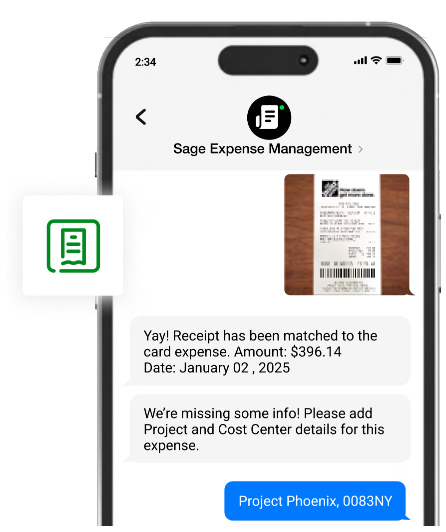
By creating simple rules for frequent vendors (e.g., 'Uber' always goes to Taxi), you enforce consistency, prevent audit red flags, and put your company's policies on autopilot.



SMS-based workflow (Powered by AI✨)

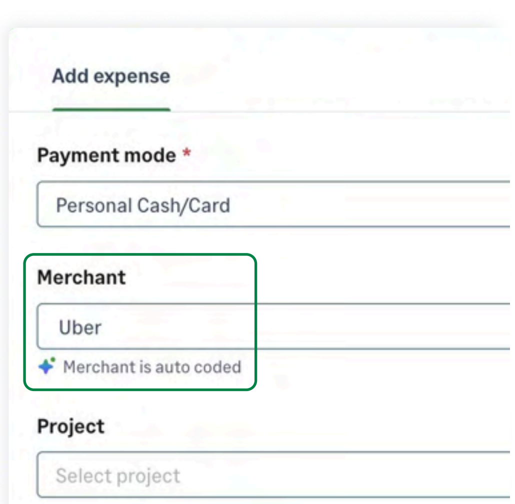
Eliminate the "What was this for?" question and the frustrating employee experience. A real-time SMS prompts the employee for a receipt and context the moment they swipe their card, turning a multi-day chase into a 5-second task.

85% of our customers submit receipts right at the time of purchase! *Learn more.*



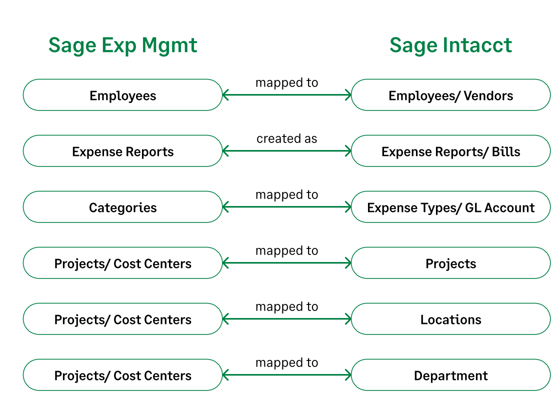
Merchant Category Code (MCC) mapping

Sage Expense Management automatically suggests the correct category for nearly 1,000 top merchants based on their official MCC code, ensuring a higher degree of accuracy from the start.



Direct accounting integration

Ensure perfect data integrity in your books. Sage Expense Management syncs your existing Chart of Accounts, GL codes, and custom fields (like 'Project' or 'Client'), allowing you to enforce mandatory tagging for high-value insights like job costing.

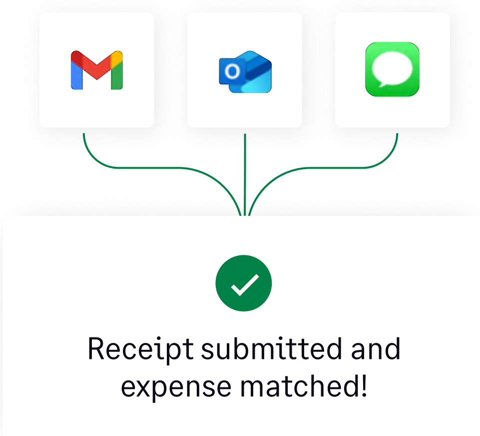


Sage Expense Management can do more than just expense coding

End the receipt chase

Eliminate the "What was this for?" question. Employees submit receipts with context via text or email the moment a transaction happens, ending the chase for good.

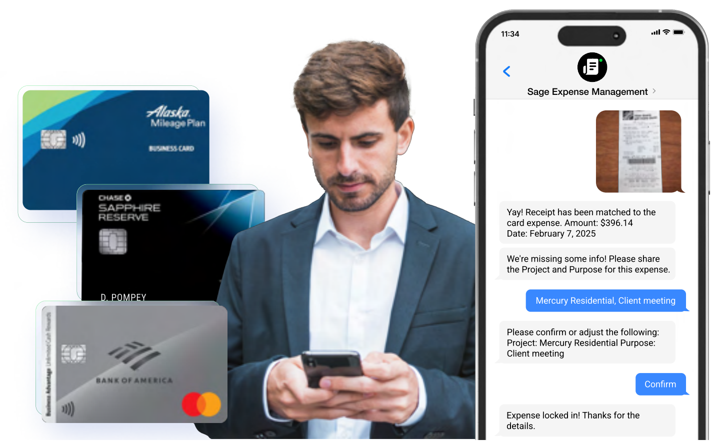
No more chasing employees - receipts flow in automatically from wherever your team is working.



Eliminate reconciliation headaches

Keep your existing corporate cards. Real-time feeds automatically match receipts to transactions, solving the reconciliation puzzle and ensuring employees aren't frustrated by a cumbersome process.

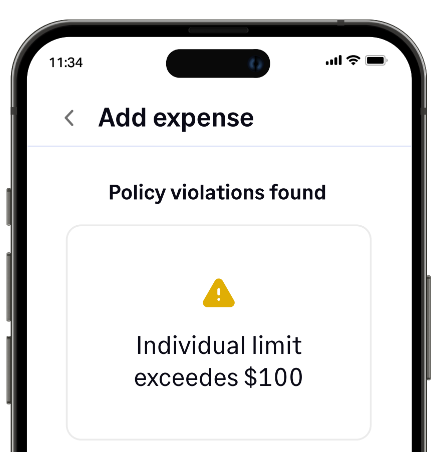
No more reconciliation puzzles - see transactions instantly and match them automatically, on your existing credit cards.



Compliance happens automatically

Prevent audit red flags before they happen. Our compliance engine checks every expense against your policies in real-time, creating a consistent, audit-ready trail for every transaction.

Compliance happens automatically - no more manual policy checking or audit anxiety.



Direct sync to your accounting software

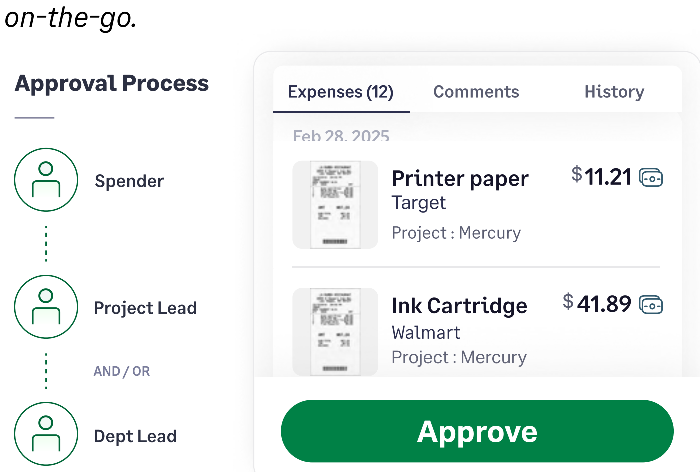
Keep your books accurate without manual effort. Sage Expense Management syncs directly with Sage, NetSuite, QuickBooks, and Xero, automatically mapping your GL codes to eliminate data entry and errors.

No more manual data entry or mapping errors - categories sync directly to your accounting system.

Streamlined approval workflows

Eliminate approval bottlenecks with flexible, automated workflows. Managers can approve expenses from anywhere - via email, Slack, or mobile - ensuring reimbursements never stalls.

No more bottlenecks or delayed reimbursements - approvals happen fast and on-the-go.



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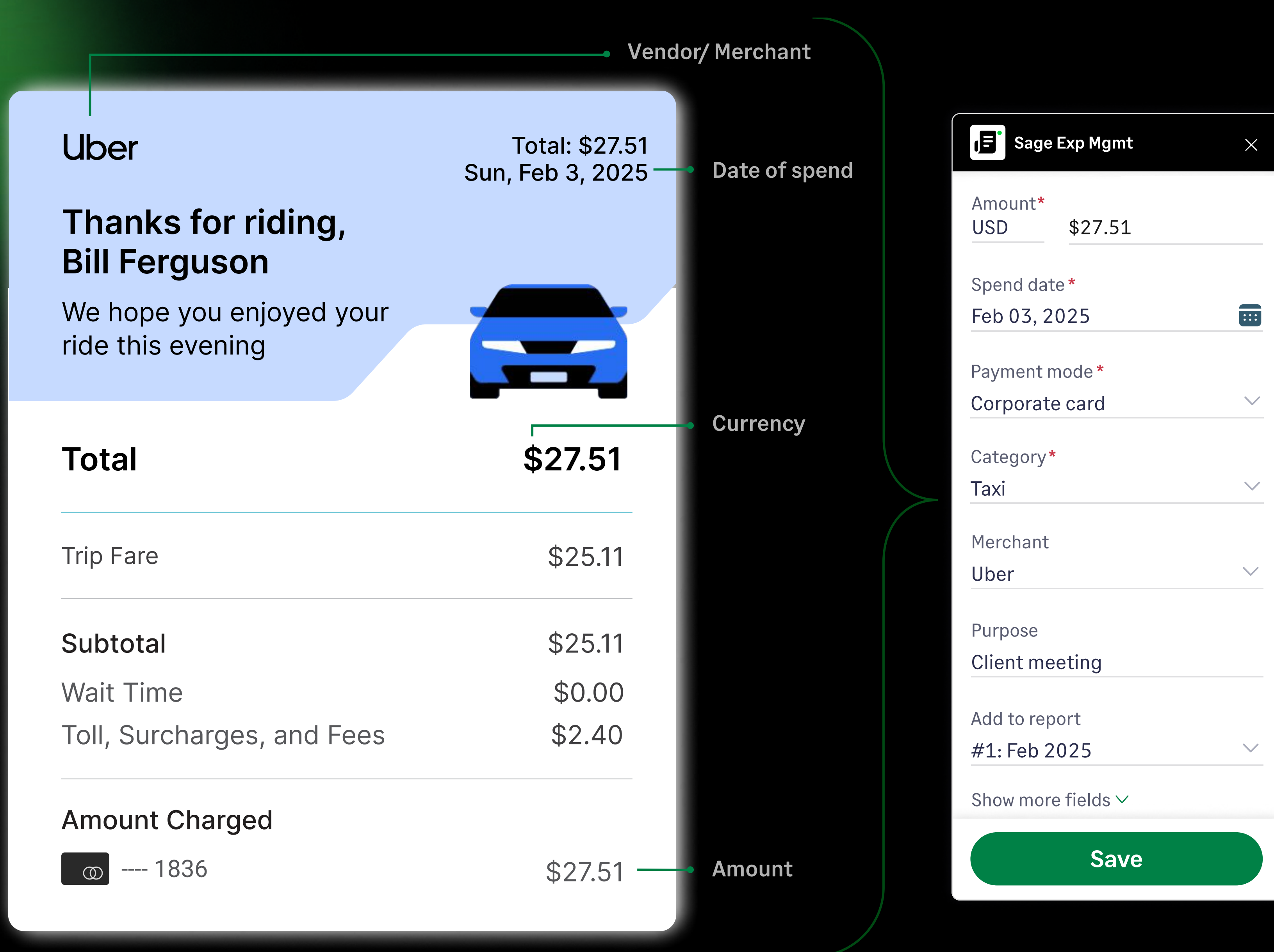
Reclaim your day!



Don’t waste time on categorization

You've seen how a single ambiguous charge creates a domino effect of flawed data and audit risks. Thousands of finance professionals have already made the switch, trading manual data entry for strategic analysis.

See firsthand how you can put your entire playbook on autopilot, eliminate the guesswork for good, and get your day back.

Book Your 30-Minute Demo