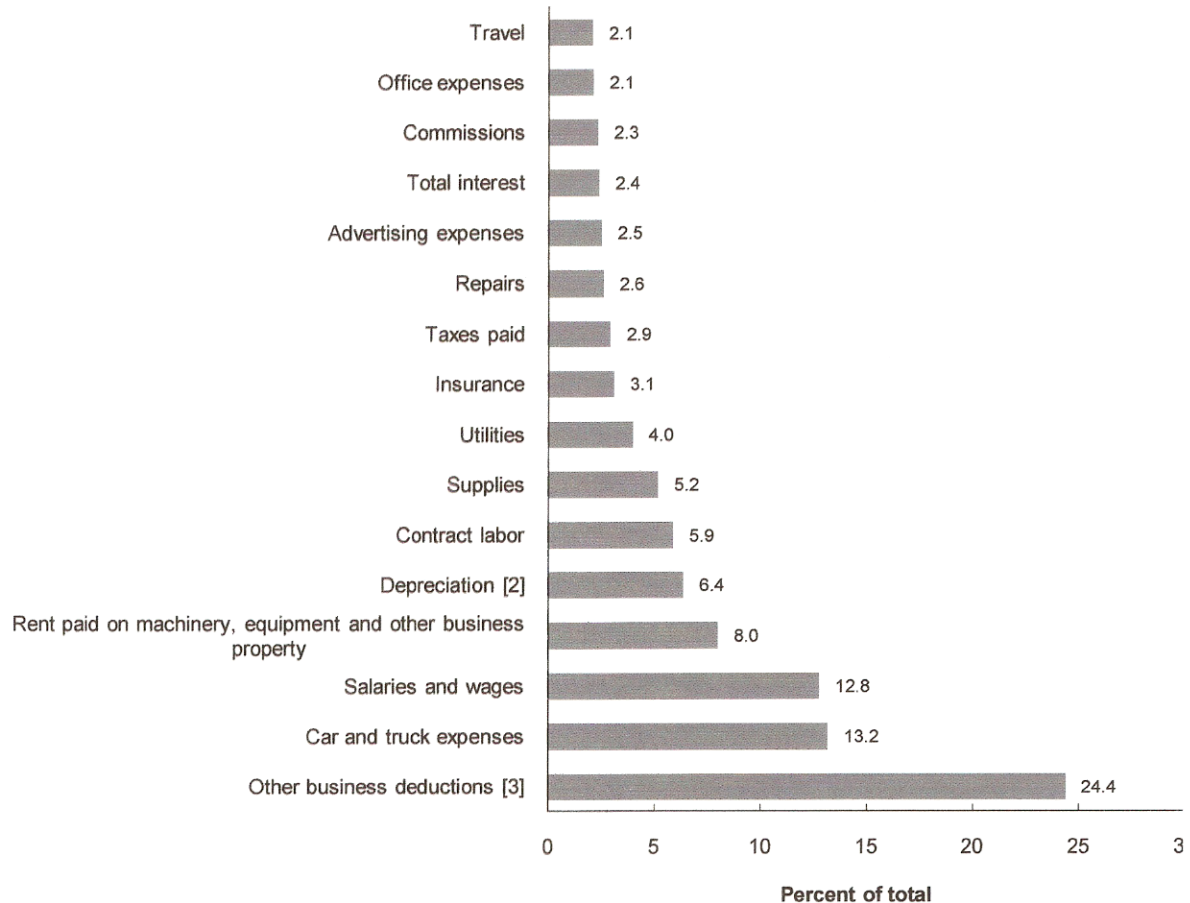


Figure D

Nonfarm Sole Proprietorship Total Business Expenses by Type of Expenses, Tax Year 2007 [1]



[1] Total business expenses equal all business deductions minus cost of sales and operations.

[2] Depreciation claimed on Form 8829, *Expenses for Business Use of Your Home*, is included in "home office business deductions" and excluded from "depreciation" shown above. See footnote 3 below.

[3] Depletion; employee benefit programs; legal and professional services; pension and profit-sharing plans; meals and entertainment; and home office business deductions. Other business deductions also include all Schedule C-EZ, *Net Profit from Business*, deductions (\$3.7 billion).

NOTES: Percentages are based on an estimated total business expense of \$621.7 billion. Detail may not add to 100 percent because of rounding.

1988 and 2007. But the initial jump in depreciation was offset in subsequent years by trends of decreased depreciation.

From 2004 through 2007, constant dollar declines of depreciation were witnessed for all 4 years. In 2004, constant dollar depreciation deductions decreased by 0.2 percent, marking the first drop in

9 years. This downward trend was even more evident in 2005, as constant dollar depreciation plummeted 11.8 percent, followed by decreases of 3.5 percent and 1.1 percent in 2006 and 2007, respectively. During this same 4-year period, section 179 limits gradually increased for inflation, from \$102,000 in 2004, to \$105,000