TaxStache 2026 AI Tools & Income Tax Tracker

For business owners using AI tools to run their operations or generate sellable products. Updated May 2026 — taxstache.com

This tracker is built around the gap most small businesses have right now: AI spending grew faster than the bookkeeping habits around it. A single business might run ten to fifteen AI subscriptions, burn through API credits monthly, pay for AI-adjacent tooling, and generate income from AI-assisted work, all of it landing in one undifferentiated "Software" bucket in QuickBooks. That works until it doesn't.

The IRS has not issued AI-specific guidance. The rules underneath your AI spending are the same ordinary-and-necessary business expense rules that have always applied. What's changed is the volume and the variety. This tracker helps you categorize both sides cleanly so you can deduct what's deductible, defend what needs defending, and see the actual ROI on your AI stack.

Important reminder: Mixed personal and business use is the most common audit weakness on AI subscriptions. A tool used 100% for business is fully deductible. A tool used partially for personal purposes requires allocation. The IRS allows reasonable allocation methods, but "I use it for work mostly" is not one of them.

Section 1: AI Subscription Inventory

List every AI tool currently charged to the business. For each one, capture:

☐ Tool name and vendor

☐ Monthly or annual cost

☐ Billing cadence (monthly, annual, usage-based)

☐ Primary business purpose (one sentence — what it actually does for the business)

☐ Business use percentage (100% if used solely for business; allocate if mixed)

☐ Payment method (which card or account)

☐ Category in your chart of accounts (Software & Subscriptions, AI Tools, etc.)

Section 2: API and Usage-Based Spending

API costs fluctuate, which makes them easier to lose track of than flat subscriptions. Track separately:

☐ Platform (Anthropic, OpenAI, Replicate, Fal, etc.)

☐ Monthly average spend over the last six months

☐ Highest month (to spot scaling patterns)

☐ Linked project or client (if billable)

☐ Whether the cost is passed through to clients or absorbed

Section 3: AI-Adjacent Tooling

The infrastructure around your AI tools is also deductible. Inventory:

☐ Automation platforms (Zapier, Make, n8n)

☐ Vector databases and storage (Pinecone, Weaviate, Supabase)

☐ Prompt management and version control

☐ Workflow and orchestration tools

☐ Browser extensions and integrations with paid tiers

Section 4: Hardware and One-Time Purchases

Hardware bought specifically for AI work follows Section 179 or depreciation rules depending on cost. List:

☐ Item description and date purchased

☐ Cost

☐ Business use percentage

☐ Whether expensed (Section 179) or depreciated

☐ Receipts saved and where

Section 5: AI Education and Training

Courses, conferences, and books on AI implementation qualify as education expense if they maintain or improve skills required in your current trade or business. Track:

☐ Course or resource name and provider

☐ Cost

☐ Date completed (or status if ongoing)

☐ How it ties to current business operations

Section 6: AI-Generated Income Streams

For each revenue stream where AI meaningfully contributed to the product or service:

☐ Revenue stream description

☐ Platform or client

☐ Income reporting category (Schedule C line, K-1, etc.)

☐ Estimated 2026 revenue

☐ Human creative input documented (yes/no/partial)

☐ Whether copyright is being claimed on the output

☐ Whether the work product is licensed exclusively to clients

Section 7: Allocation Worksheet for Mixed-Use Tools

For each AI subscription used for both business and personal purposes:

☐ Tool name

☐ Total annual cost

☐ Allocation method (time-based, project-based, usage-based)

☐ Business use percentage

☐ Deductible portion

☐ Documentation of allocation method (one sentence on how you arrived at the percentage)

Section 8: Documentation for AI-Generated Work Product

If you sell or license AI-generated content, maintain records that demonstrate human creative input. For each product or category:

☐ Description of work

☐ AI tools used in production

☐ Human creative input (prompts written, iterations, edits, selections, arrangements)

☐ Sample documentation retained (prompt logs, version history, edit records)

☐ Contract language reflecting what's actually being delivered (work product vs. exclusive IP rights)

Section 9: Quarterly Review

At the end of each quarter, review:

☐ Are all AI subscriptions still in use? Cancel anything dormant.

☐ Have any subscriptions shifted from business to personal use, or vice versa?

☐ Are allocation percentages still accurate?

☐ Have API costs scaled in a way that justifies a higher tier or different vendor?

☐ Is AI-generated revenue tracking against expectations?

☐ Are records sufficient to support deductions if questioned?

When to Get Professional Help

Situation	Who to hire
First year with significant AI spending (over $5,000 annually)	CPA familiar with technology businesses

Custom AI development or fine-tuning costs	CPA — capitalization vs. expense determination
Selling AI-generated products as a primary revenue stream	IP attorney before tax advisor
Licensing AI-generated content to clients	IP attorney to review contract language
Audit notice involving AI-related deductions	Tax professional with audit representation experience
International AI vendors with VAT or withholding questions	International tax specialist

This tracker is for informational and planning purposes only and does not constitute professional tax or financial advice. The IRS has not issued specific guidance on AI tools or AI-generated content as of this writing; treatment is based on existing business expense and income reporting rules. Always verify current requirements with a qualified tax professional.