

SMALL BUSINESS TAX PLANNING

- * IRS COMPLIANCE
- * REDUCE TAXABLE INCOME
- * MAKING ESTIMATED TAX PAYMENTS
- * ENTITY STATUS
- * TRACKING EXPENSES, TAX ADVANTAGES, AVOIDING AN AUDIT
- * HEALTH INSURANCE
- * SAVING FOR RETIREMENT

GILLINGHAM CPA

TAX & ACCOUNTING

Disclaimer:

This is educational only, not tax
advice.

Tax returns and situations vary widely
and must be addressed one on one
with your CPA.

YOU ARE A SMALL BUSINESS: NOW WHAT?

- You are a small business now what?
- You are likely your own boss, accountant and janitorial technician
- Responsible for things that good employers do: vacation, tax withholding, and social security taxes
- Health insurance is now more complicated and important than ever
- It is impossible to do everything well, so seek professional help to save time, headache, and take advantage of everything you can

RECORD KEEPING AND AUDITS



- One bank account for all business only transactions
- Withdraw money for yourself in whole amounts into personal checking
- Save your bank and credit card statements to PDF
- Save all receipts (even your personal expenses)
- Use any solution you like to track spending and income

RECORD KEEPING & AUDITS – STAY CURRENT



- Accounting is most valuable when current – Why?
- You need to know your profit or loss so you can make estimated tax payments
- Performing your own accounting or closely reviewing your monthly statements can help you make better business decisions
- Why be a year behind when you can be current?

ESTIMATED TAX PAYMENTS

You are responsible for paying estimated taxes as you earn the money.

- Stay current with payments to avoid penalties and fees
- Taxes feel high because they are not coming out of your pay check
- Think of self-employment tax as an extra 10%
- Can get into tax trouble if one makes just enough to cover personal and business expenses

ESTIMATED TAX – REAL NUMBERS 2014

2014 estimated tax for self-employed people
Single filer - no dependents

(After all expenses)

SE Income	Fed	CA	Total	Total %
20,000	3,669	107	3,776	19%
40,000	9,252	859	10,111	25%
60,000	15,741	2,218	17,959	30%
100,000	30,680	5,669	36,349	36%
150,000	48,265	10,118	58,383	39%
200,000	63,417	14,752	78,169	39%

**“Better schools in the hood, better teachers for the classes makin' money, payin' no taxes”
-Wyclef Jean (2.4 Mil in tax debt as of 2014)**

MAXIMIZE YOUR DEDUCTIONS

- Assets previously purchased, but used in business
- Credit card interest
- Mileage expense (track it with a log)
- Home office (need total square foot and office)
- Cell phone related fees
- Travel (never your commute)

COSTS AND BENEFITS OF PROFESSIONAL HELP FOR A SINGLE FILER, ONE BUSINESS

- Fit is more important than costs... Ask lots of questions about the professional's client base and qualifications.
- Do it yourself costs around \$80 for software
- Walk in prep shop around \$250
- Solo or small operation CPA or EA \$450
- White glove larger CPA firm \$900



Sole Proprietorship
S-Corp

Limited

Liability Company

Nonprofit

Public Benefit

