

TAX PLANNING & REPORTING FOR SMALL BUSINESSES

The Basics

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We exist to train, educate, and support entrepreneurs of both new (pre-venture) and established small businesses. Positioned within the nationwide network of SBDCs, we offer resources, key connections at the state and national level, workshops, and online and in-person support that equips us to help Ocean State entrepreneurs reach the next level of growth.



WHAT IS TAX PLANNING?

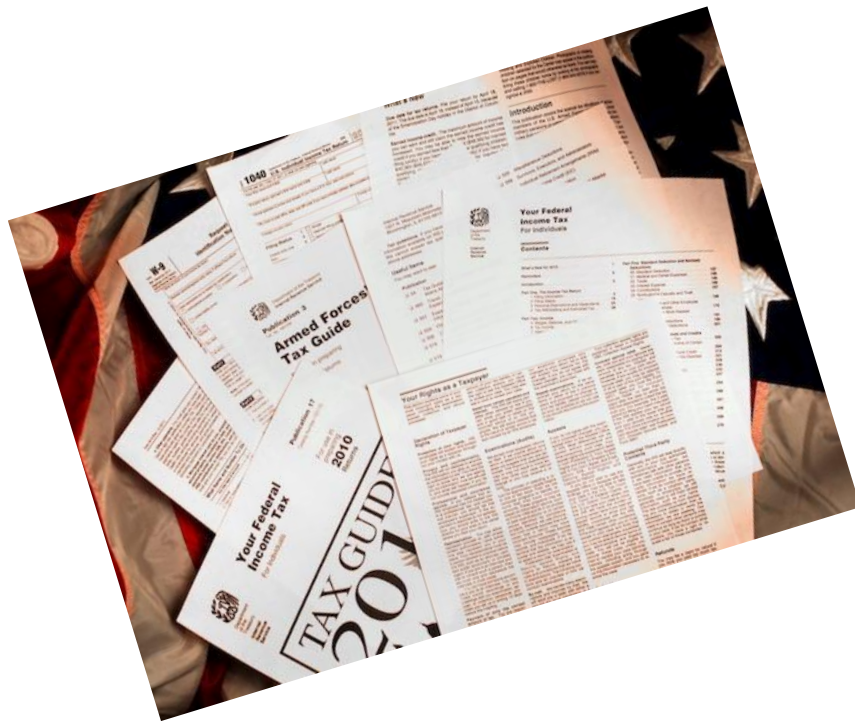
Tax planning is the analysis of a financial situation or plan to ensure that all elements work together to allow you to pay the correct and lowest taxes possible.

Where do I begin?

- You can begin tax planning as early as possible
- Different business can have different tax structures
- Timing of income, size, and timing of purchases, and planning for other expenditures

Federal Income Taxes

- Sole Proprietorship
- Partnership
- S-Corp
- C-Corp
- Limited Liability Company



Primary Business Taxes

- Income Tax
- Self Employment Tax
- State Income Taxes
- Employment Tax
- Sales Tax
- Local Tax



Employment Tax and Forms

- Federal Employment Taxes
 - a. Employer's Annual Federal Unemployment Tax Return, Form 940
 - b. Employer's QUARTERLY Federal Tax Return, Form 941

Employment Tax and Forms

- Forms
 - a. Employee's Withholding, W-4 Form
 - b. Wage and Tax Statement Form, W-2 Form
 - c. Miscellaneous Income, Form 1099-MISC

State and Local Taxes

- State/County/City Income Tax
- Permits
- Licenses
- Fictitious Name Permits (Doing Business As)
- State Sales Tax

Know Your Tax Obligations

Your form of business determines how you pay income taxes

- Quarterly



Money Management for Taxes

- Know when, what and how much
- Save for taxes
- Separate account



Cost of Not Paying Your Taxes

- NEVER use payroll taxes for working capital during cash flow shortages



Accounting Systems

- Deductions
- Bookkeeping
- Business Accounting Software
- Cash VS. Accrual Accounting methods



Using An Accountant

- Doing it yourself
- Accountant Services
- Where to find a qualified



Services Business Accountants Offer

- Business consulting
- Personal finance advice
- Information on organizational structure
- Financing information
- Audits
- Reviewed or audited financial statements

Key Points to Remember

- Get qualified advice
- Learn your business tax liability
- Set money aside to cover your taxes and avoid compiling funds
- Have an accounting system in place to keep track of income and expenses
- An accountant/software can help you manage your business

Conclusion

Points covered today:

- Managing your tax obligations
- Typical taxes a business pays: Income, Self Employment, Sales, Local, Employment
- Forms and processes used to pay taxes



SOFTWARE:



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CFCRI:

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IRS Workshops:

<http://www.irsvideos.gov/virtualworkshop>

Questions?

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