

# Avoiding the Top Tax Mistakes that Small Businesses Make



# Agenda

- Recordkeeping
- Report all taxable income
- Keep business expenses separate
- Review return for accuracy
- Consider e-file options
- Don't fall prey to tax scams
- Choose your tax preparer carefully
- Do your homework

# Recordkeeping

- Maintain records needed to figure your income.
- Keep records needed to figure your deductions:
  - Cancelled checks
  - Receipts
  - Other evidence
- Retain records as long as you may need them

# Report all Taxable Income

- Report all taxable income on your return
- Most income is taxable unless it is specifically exempted by law.
- You can receive income in the form of
  - Cash
  - Check
  - Credit Card
  - Non-cash exchanges such as bartering

# Business Income Video

# Keep Business Expenses Separate

- Avoid claiming personal expenses as Business expenses – always keep these separate.
- Three top expenses reviewed by IRS
  - Home Office Deduction
  - Auto Expenses
  - Travel and Entertainment Expenses

# Review Return for Accuracy

- Double-checking each line
- Watch for common mistakes
  - Incorrect/missing SSN(s)
  - Incorrect tax
  - Computation errors
  - Withholding/tax payments on wrong line
- Mistakes can delay processing

# Consider E-file Options

- Choose IRS e-file
- Direct deposit
- Electronic payment options
- Preparer should offer e-file



# Don't Fall Prey to Tax Scams

- Tax scams / “sounds too good to be true”
- Abusive tax schemes evade taxes
  - False deductions
  - Improper use of trusts
- “Dirty Dozen” news release
- Tax Scams/Consumer Alerts page on [IRS.gov](https://www.irs.gov)

# Carefully Choose your Tax Return Preparer

- Be aware of return preparer fraud
- 60% of taxpayers seek professional help
  - Most preparers are honest
  - Some prey on unsuspecting taxpayers
- You are legally responsible for your return

# Choosing a Tax Preparer “You Tube” Video

# Do your Homework

- IRS has helpful publications
- IRS Small Business & Self-Employed Center
- Small Business Tools & Resources
  - Small Business Advantage
  - E-News for Small Businesses
  - Small Business Tax Workshops
  - Online Learning and Education products

# Resources

Here are some of our top recommendation sources for you to review.

- Publication 583 – Recordkeeping
- Publication 525 – Taxable/Nontaxable Income
- Publication 587 – Business Use of Your Home
- 2013 Standard Mileage rates
- Tax Scams-How to Recognize and Avoid Them
- IRS releases the Dirty Dozen Tax Scams
- Tax booklets and other resources are available at IRS.gov or by calling 800-TAX-FORM (800-829-3676)

# Small Business Taxes: A Virtual Workshop

Lessons include information on:

- Federal taxes and your new business
- Schedule C and other small business taxes and tax forms
- Retirement plans for yourself and your employees
- Federal taxes when hiring employees or contractors
- Managing payroll and withholding the correct amount from employees
- and more....