# TAXES AND ACCOUNTING

# Business Structure & Tax Implications

- Sole Proprietor, LLC, S-Corp, C-Corp
- Pass-through taxation vs. corporate taxation
- Self-employment tax obligations

- https://www.tiktok.com/t/ZP8MWV4Pg/

# Estimated Taxes



QUARTERLY ESTIMATED TAX PAYMENTS



AVOIDING PENALTIES FOR UNDERPAYMENT



PLANNING FOR DUE DATES AND CASH FLOW

# Payroll Taxes

- Employer responsibilities (FICA, FUTA, State Unemployment)
- Employee vs. independent contractor rules
- Filing payroll forms (e.g., 941, W-2, W-3)

# Sales & Use Tax



UNDERSTANDING SALES TAX REQUIREMENTS



DETERMINING NEXUS (PHYSICAL & ECONOMIC)



USE TAX OBLIGATIONS FOR OUT-OF-STATE PURCHASES

# Deductions & Credits



Deductible business expenses (meals, travel, home office, etc.)



Depreciation & Section 179



Available business tax credits

# Recordkeeping & Documentation



WHAT TO TRACK AND HOW LONG TO KEEP IT



USING ACCOUNTING SOFTWARE EFFECTIVELY



BEING AUDIT-READY

# Filing Requirements



Federal tax forms (1120, 1065, Schedule C, etc.)



State and local business filings



Issuing 1099s to contractors

# Specialized Taxes



Franchise taxes in certain states

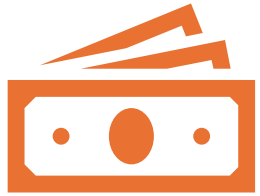


Excise taxes (fuel, alcohol, etc.)



Industry-specific obligations

# Tax Planning



Timing income and expenses strategically



Retirement contributions and benefits



Proactive planning with your accountant

# IRS & State Correspondence

| | |
|---|---|
| Responding | Responding to IRS letters |
| Amending | Amending returns |
| Understanding | Understanding taxpayer rights |

# TAX UPDATES

- Standard Deduction Increases
- Single → $15,000
- Married Filing Joint → $30,000
- Head of Household → $22,500

- 💳 Tax Brackets Adjusted for Inflation
- Top 37% rate starts at $626,350 (single)

- 💵 Credits & Limits
- Earned Income Tax Credit (3+ children) → $8,046
- Health FSA cap → $3,300 + $660 carryover
- Gift Tax Exclusion → $19,000
- Estate Tax Exemption → $13.99 million

# Why Accounting Matters



Good accounting drives better decisions



Helps you avoid fraud and errors



Critical for audit readiness



Supports strategic growth

# Accounting vs. Tax — What's the Difference?

Accounting = The ongoing process of tracking your income, expenses, and financial position.

Tax accounting = The specific rules used to calculate your taxable income for IRS/state purposes.

Why it matters:
Good accounting makes tax filing easier.

Poor accounting leads to missed deductions, overpayment, or audits.

Tax rules ≠ GAAP (Generally Accepted Accounting Principles).

# Basic Accounting Principles for Small Business

Accrual vs. cash basis

Revenue recognition — when is income recorded?

Matching expenses to income period

Importance of consistent treatment

Documenting all income — even 1099s or cash

Reconciling bank accounts regularly

# Internal Controls & Fraud Prevention



IMPORTANCE OF SEGREGATION OF DUTIES



WHO REVIEWS WHAT — CHECKS & BALANCES



EXAMPLES OF WEAK CONTROLS THAT LED TO FRAUD



SIMPLE STEPS TO STRENGTHEN YOUR INTERNAL CONTROLS

# Year-End Close & Audit Prep (for Business & Tax Readiness)

1. Building a year-end close checklist
2. Reconciling all accounts
3. Preparing for CPA review / tax preparation
4. Documenting unusual transactions
5. Using year-end results to plan next year's strategy

# Preparing for an Audit

- Organize your Financial Binder
- Checklist of documents to have ready
- Common findings and how to avoid them

# Common Accounting Mistakes That Trigger Tax Issues

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|---|
| Commingling personal & business finances |
| Missing small deductions (mileage, meals, home office) |
| Not recording cash income |
| Overstating expenses without proper backup |
| Failing to reconcile credit card statements |
| Not tracking Accounts Receivable or Payable correctly |
| Ignoring sales tax liability |

# QUESTIONS?