TWO ACCOUNTANTS TALKING SH*T

NEW BUSINESS STARTER CHECKLIST

Practical first steps for anyone starting a business

01 PROVE YOUR CONCEPT

- [ ] **Can you actually sell it? Talk to real potential customers before you set up anything** formal. If you can't sell it, nothing else matters yet.
- [ ] Confirm you have a way to reach buyers whether it's an existing client list, a following, or a clear path to your first customers.
- [ ] Test the idea small. You don't need it perfect to start; you need proof people will pay.

02 GET LEGALLY SET UP

- [ ] **Loop in an accountant before you file. They can help you pick the right type of entity** and make sure it's set up correctly the first time, instead of fixing it later.
- [ ] **Form an entity early. It separates your personal and business liability and gives you** flexibility on how you're taxed.
- [ ] Get an EIN for the business and treat it like a Social Security number for your company.
- [ ] Look up any licenses or permits your industry requires (professional licenses, local permits, etc.), and get both business and individual licenses if your field requires them.
- [ ] Decide upfront whether workers will be W-2 employees or 1099 contractors, and understand the cost difference since as an employer, you cover half of an employee's payroll taxes.

03 SEPARATE YOUR MONEY & START TRACKING

- [ ] **Open a dedicated business bank account or card. Commingling personal and** business spending is the #1 way people lose deductions.
- [ ] Pick a simple way to track income and expenses. A spreadsheet is fine on day one but move to QuickBooks, Xero, or similar as you grow.
- [ ] If you do use a personal card for a business expense, save the receipt and document why it was a business expense.
- [ ] Once you get busy, hire a bookkeeper. You need to focus on making money!

04 BUILD YOUR SUPPORT TEAM

- [ ] Hire an accountant you can talk to honestly, before you're in a bind instead of after.
- [ ] Use AI tools for a first pass if you want, but verify anything tax-related with a real professional. AI can sound confident and still be wrong.
- [ ] Ask the "dumb" questions early. It's cheaper than fixing the mistake later.

05 UNDERSTAND YOUR TAX PICTURE

- [ ] A single-member LLC is taxed as a sole proprietorship by default, which means self-employment tax (15.3%). Ask your accountant whether an S-corp election could reduce that.
- [ ] Sales tax rules depend on what you sell and where. Goods and services aren't always treated the same, and rates vary by state and city. Don't assume you're exempt.
- [ ] If tips are part of your income, current law excludes up to $25,000 of tip income from federal tax. Confirm the details with your accountant, since thresholds can change.
- [ ] **Know the "hobby vs. business" rule. The IRS can disallow deductions if you never** show intent to turn a profit. Document your efforts, even in years you lose money.

06 PLAN YEAR-ROUND, NOT JUST AT TAX TIME

- [ ] Check in on your numbers periodically throughout the year, not just in a panic every April.
- [ ] Before December 31, ask your accountant: Are there moves to make now, such as equipment purchases or retirement contributions like a Solo 401(k), that could lower this year's tax bill?
- [ ] Get organized before you hand things off. Your accountant needs clean records, not a shoebox of receipts or 700 unsorted PDFs.
- [ ] Some moves, like an S-corp election, can be made retroactively and it's often later than you think, not too late.

> “ *You don't need everything perfect to start. You need to know you can sell it — then build the structure around it as you grow.*
>
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HAVE QUESTIONS?

Send them to **info@twoaccountants.com** — we might even answer them on the show.

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