

RECORDS

Any system of keeping records works as long as it accurately records your income, inventory and expenses.

Income should be broken down to show: Retail sales, Service Sales, Wholesale, Out of state sales, Government sales, Sales tax, etc. Loans are never reported as income. If you earn your income in several locations you need to keep track of the income by location.



Expenses reduce your taxable income. These expenses must be ordinary & necessary to run your business.

There are special rules on how to treat different expense items. We will need to know:

1. The purchase date & cost of equipment .
2. Expenses need to be broken down by categories.
3. End of the year inventory.
4. A mileage log to show business use of your vehicles.

TIPS FOR SUCCESS



The most successful business people:

- ⇒ Know their field.
- ⇒ Are willing to work hard.
- ⇒ Plan carefully.

Are financially aware by:

- ✓ Starting their business with a business plan.
- ✓ Expecting to succeed.
- ✓ Knowing their proposed business inside-out.
- ✓ Expecting a long term commitment.
- ✓ Having enough financial backing to see them through the beginning period.
- ✓ Knowing what it costs to run a business.
- ✓ Researching their business venture before they commit time and money.
- ✓ Maintaining complete and accurate records.
- ✓ Knowing when to ask for help.

TAXES

As a self employed person you must pay your own Social Security, Medicare, & Federal Withholding Taxes.

You do this on a quarterly basis:.

- April 15
- June 15
- Sept 15
- January 15



Employment Taxes

If you have employees you will need to register with the:

Washington State:

- ⇒ Employment Security
- ⇒ Labor & Industries

Federal Government:

- ⇒ For a Federal Employer Identification number

You will have to match the Social Security & Medicare Taxes that you withhold from your employees

- * Be aware of the Federal & State employment laws.

A B C'S OF

R E C O R D K E E P I N G -

- ⇒ Write the source of a deposit on your copy of the deposit slip.
- ⇒ Use checks to pay for business expenses; avoid using cash.
- ⇒ Keep the bill or receipt for each expense.
- ⇒ Write what the expense is for on the check.
- ⇒ Balance your check book monthly to avoid costly errors.
- ⇒ Keep your business checking & personal checking accounts separate.
- ⇒ Write a check for yourself from the business account to your personal account.
- ⇒ Deposit all money you receive.
- ⇒ Note in the check register where the money came from.
- ⇒ Have a monthly profit & loss.
- ⇒ Keep a filing system.
- ⇒ Keep records a minimum of seven years.

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B A S I C S O F B U S I N E S S



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