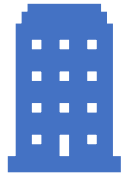




5 Things Every Small Business Owner Should Know

Choose experienced, qualified professionals for advice and leadership

- Accountant, Lawyer, Banker
 - Should be a business partner in developing and growing your business
- Ask successful peers for their recommendations
- “Interview” professional service providers to make sure the relationship will be a good fit
- Not all professional service providers have the experience, specialties or qualifications your business may need
- Sometimes spending a few dollars on the front end can save you a lot of dollars and headaches down the road



Choose the right type of business entity structure and understand the difference

Sole proprietorship/Single Member LLC

Partnership/Multi-member LLC

Corporation/S Corporation

- Many people think LLC means *Limited Liability Corporation* and will tell you they are incorporated
- LLC means **Limited Liability Company** and is more closely related to a Partnership than a Corporation
- Tax structure of a corporation vs. a partnership can be similar but have some significant differences that can create unfavorable tax consequences

Choose the accounting system that is appropriate for your business



Many small business owners judge the success of their business based on the balance in their checkbook.



Do you need a complicated customized computer system or is a spreadsheet going to be sufficient?



How much time will you have to manage the system vs. managing your business?

Hiring internal staff

Outsourcing some or all of your accounting services including bookkeeping, payroll, sales & use tax, etc.

Will my business activity be required to file a separate annual return or will it be included directly on my personal return?

Will I be required to be a W-2 employee or am I prohibited from being a W-2 employee based on my entity type?

Will I have payroll for employees and what filing and payment requirements will that entail?

Will I be required to collect and remit sales & use and for what jurisdictions?

Getting behind in PAYROLL TAXES and SALES & USE TAXES can cause a business to struggle and even fail
* Large penalties and interest

Understand your tax filing requirements



Understand your financial statement and tax return

- Cash in your checking accounting does not mean profit in your business
- A lack of cash in your checking account does not mean a loss in your business
- Timing of cash flow vs. taxability of revenue and deductibility of payments
- Not all payments are deductible
- How will the profits of my business be taxed
 - Federal and state income tax
 - Self employment taxes



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