

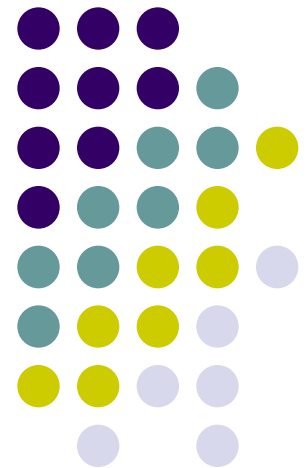
# Tax Planning: A Little Goes a Very Long Ways

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Building Blocks 4 Business

October 10, 2012

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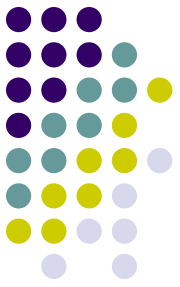




# Tax Planning Issues

- Entity type – income tax
- Books and records
- Payroll
- Sales tax, occupancy tax, excise tax, etc.
- Insurance
- Business vs. Hobby – IRS audit issues

# Entity type determines taxation

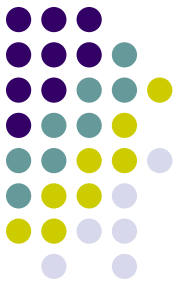


- Sole proprietor
- Partnership: General, Limited
- “C” Corporation
- “s” Corporation
- LLP
- LLC

# BOOKS & RECORDS



- Open separate checking account and use exclusively for business
- Computer programs: Quickbooks, Peachtree
- Balance sheet for entities
- Keep books on a current basis to analyze business



# Payroll Issues

- Use a service unless you are an expert
- Due dates and deadlines are critical
- Penalties and interest are severe
- DO NOT misclassify workers!
- Keep workers compensation insurance



# Other Taxes

- Sales tax: Board of Equalization
- Occupancy tax: Motels, bed & breakfast
- Excise tax: Federal and state for fuel, tires, cigarettes, liquor, etc.
- Personal property tax: County collect 1% of value of equipment used in business such as computers, office furniture, tractors, etc.

# Insurance – First line of defense



- General Liability
- Workers compensation
- Errors and omissions
- Auto
- Umbrella



# Business vs. Hobby

- IRS audit issues
- Expertise and experience
- Profit motive
- Adjustments made to improve profits
- Books and records
- Element of personal pleasure





# Workshops available

- Small Business Tax and Payroll Workshops
- Sponsored by IRS and EDD
- Taught by IRS and EDD employees with help from the preparer community
- [irs.gov](http://irs.gov) and [edd.ca.gov](http://edd.ca.gov) for more details



# Resources

- [Irs.gov](https://www.irs.gov)
- [Edd.ca.gov](https://edd.ca.gov)
- [Boe.ca.gov](https://boe.ca.gov)
- [Ftb.ca.gov](https://ftb.ca.gov)
- [Ssa.gov](https://ssa.gov)

# Tax Planning



- Questions?

- Thank you!