

How Tax Efficient Is Your Business and Tax Strategies?

Your Current Tax Picture

Do you know your marginal tax rate? Yes
No

Do you know how your tax is calculated?

Federal Tax

State Tax

Social Security/Medicare Tax

Tax savings are after-tax dollars. How much gross commission do you need to generate \$1,000 in after-tax dollars?

Entity Structure

How is your business structured? Sole Proprietorship
S Corporation
C Corporation
LLC

Are you using the most efficient business structure for your needs? Yes
No
I don't know

Business Operations

How do you handle your business' financial reporting? Paper records
Excel® worksheets
QuickBooks
Other

Are you efficient with your current business reporting? Yes
No
I don't know

Running the Business Checkbook

If you miss \$100 in business expenses, on average you will lose about \$35 in tax savings. Are you clear on the definition of a “business expense” per IRS requirements?	Yes No I don't know
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Are you capturing all your business expenses?	Yes No I don't know
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Fringe Benefits

Are you currently using any type of retirement account(s)?	SEP IRA IRA Roth IRA 401(k) SIMPLE IRA
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How do you handle your health insurance and medical expenses?	I pay for it Covered by spouse's plan We use a HSA also
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Do you have family members that help you with your business?	Yes No
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Know Your Marginal Tax Rate

- Every decision about your taxes will depend on knowing your **marginal tax rate**
- It can vary by year, so be sure you have a good idea of where you stand for any given year

Have a Tax Efficient Business Structure

- There are many ways you can organize your business structure
- Be sure you choose the one that's most tax efficient for your situation
- Example: Sole Proprietorship, S-Corporation, C-Corporation, LLC

Understand the Definition of a Business Expense

- Definition per IRS: A business expense is "ordinary and necessary" for your trade or business
- In other words, if the business spends money on something, will this add to the current or future profitability of the business?
- Key expense categories: auto, travel, meals and entertainment, client costs

Recordkeeping for Your Business: Blanchard CPA Best Practices

- Requirements of IRS—Audit-proof your expenses: keep receipts for all business expenses
- Blanchard CPA Best Practices: Simple methods for keeping records
- Electronic records: Develop a system and use the right technology

Hiring People to Work For/With You

- Know the rules for people you pay
- Big question is always independent contractor vs. employee. IRS three factors test?

Best Practices: Hire Your Family

- Do you know how much each person can earn in a year and pay no taxes?
- Know the advantages of having family work for you

Best Practices: Fringe Benefits for Owners/Officers

- Medical premiums and expenses: Section 105, 106, 125 Plans, and Health Savings Accounts
- Retirement accounts: SEP, SIMPLE IRA, Solo 401(k), Roth 401(k)
- Blanchard CPA Best Practice: Solo 401(k) and Roth IRAs

Know Your Profit/Budget Your Cash Flow

- Do you have a good profit/loss statement? Are you efficient with your books?
- All businesses should work from some idea of a budget

Expand Your Financial IQ: Don't Try to Do It Alone

- Partner with someone who can help you develop and/or execute your plan
- "Tax preparation" is not "tax planning"
- A good plan involves anticipating what is yet to come and taking advantage of tools based on your tax situation