

Tips for ALL Business Owners

We love to provide our clients with this information following our “Start Up” consultation. Please use this information to help you throughout the year and for the upcoming tax season.

Business Deductions:

- **AUTO EXPENSES:** Mileage anywhere except your “principal place of business”. At year end, provide me with your Year/Make/Model of the car used for business as well as your total business miles. You will need mileage logs in case of an audit.
 - o [Download MileIQ](#) to your phone for an easy application to track your miles. It's as easy as swiping right or left for business or personal. Only \$5/month and it's deductible!
- **ASSETS CONVERTED TO BUSINESS USE:** If you had any assets that were personal and you converted to 100% business use, you will want to list these out and the Fair Market Value at the time converted to be able to deduct on your taxes (i.e. tools, computers, printed, etc.).
- **CELL PHONE:** % of phone bill allocated to your phone X % of business use = deduction.
- **HOME OFFICE:** Total paid for utilities, mortgage interest, and property taxes. [See spreadsheet on our Resources tab of our website.](#)
- **MEALS:** Meetings with clients. Write name and topic covered on receipt. This deduction is 50% of your total amount spent. Entertainment is NO longer deductible.
- **MEALS FOR EVENTS:** Any meals purchased for events that you host that advertise your business or your products, should be listed separately from your other meals. The meals that fall under this “advertising” type category are 100% deduction.
- **SUBCONTRACTORS:** If you pay someone over \$600 in a year, you need to have to fill out a W-9 to determine if you are required to file a 1099-Misc (1099-NR). It's good practice to collect this BEFORE you pay them for the first time, otherwise, it can be very difficult to track down at year end.
 - o ALL **lawyer's and attorney's** must be issued these regardless of the amount.
 - o ALL **vendors that you pay RENT** to must be issued a 1099-Misc.
 - o ALL **subcontractors, repair/cleaning vendors, etc.** must be issued a 1099-Misc/1099-NR if you are going to take the deduction (the IRS would say you MUST take the deduction, so if I hear you paid someone, my expectations must line up with the IRS).
- **TRAVEL EXPENSES:** Primary purpose for trip needs to be for business. So be proactive and make it a business trip! More than 50% of the days must be for business to take a deduction for airfare or mileage (so make this your GOAL).

Setting up your business:

- **Register Business with Oregon:** Use this link to go to Oregon.gov and follow instructions to setting your business up as an LLC in Oregon.
 - o There is NO benefit to registering as a Sole Proprietor. You will likely register as an LLC or S-Corp (consult myself or another tax advisor).
 - o When prompted, choose the “**Manager-Managed**” option.
 - o **A BIN (Business Identification Number) is ONLY needed if you have payroll.** This will provide you with the option to set this up in this process as well. Do not apply for this unless you anticipate running payroll within the next 3 months. When this number is received, you’ll be required to file quarterly payroll tax returns until the account is closed (whether or not you have payroll).
- **Apply for FEIN** – Completely free. Choose Single Member LLC.
 - o Enter the same information as you entered for your Oregon Articles of Incorporation.
- **Open Separate Business Checking** – As an LLC, it is crucial to open an account for all your income and expenses to go through. This defends your liability protection and makes accounting easier at year end. Once you receive your FEIN, go open this account! Stop comingling right away or you will open yourself up to unnecessary liability and inevitably miss out on deductions.

Resources for Business Owners:

- **Use Schedule C** to find the most common “categories” for your expenses to fall under.
 - o Any that do not fit under these categories, you can list out separately (i.e. Cell phone, Dues & Subscriptions, Bank Fees, etc.)
- **Estimated Tax Payments:** When necessary, here are the links to the websites you would use to pay **estimated tax payments**:
 - o [IRS – EFTPS Website](#)
 - o [Oregon – Revenue Online](#)
- **W-9 can be found online for any subcontractors.** Sent this link to your subcontractors to have them print and fill out for you for year end.
- **MileIQ** – This is a great mileage tracking app.
- **For free faxing, I use this website.** It’s good for 2 free faxes per 24 hours.
- **Goodwill Calculator** – See my [Resources Page](#) on my website to download.
- **Home Office Spreadsheet** – See my [Resources Page](#) on my website to download.