1. Webinar: Critical Year-End Tax Strategies for Small Business - YouTube

<https://www.youtube.com/watch?v=0bYoLNAXyx0>

Transcript:

e hi everyone thanks for joining bench and fresh books today my name is Mary and I help lead Partnerships here at bench accounting really passionate about the space because I get to do my part in helping small business owners entrepreneurs are the backbone of our society you all drive the economy and what I hear all the time from

business owners like yall is that you didn't start your business because you're passionate about back office task you also don't know what you don't know rarely do I speak to business owner that actually studied Accounting in or outside of school and this impacts how you prepare and use your financials we're here today to hopefully shed some light on what you should be thinking about these two final months of the year that lead up to tax season this will be essential to get you organized and save

money on your tax bill let's also take a moment to appreciate the fact that you are here today A lot of this content can make people go a we cross side um but you're taking this critical step to show up for yourself and your business all now as you review the agenda a few housekeeping notes for today we're going to be sharing the recording with everyone later so keep an eye out for your inbox and for the recording link to rewatch relearn or maybe even reshare with a fellow business owner I just want to triple check here

is everyone able to hear me okay awesome okay great love the thumbs up we'll continue great so after the recording link we'll also get that sent out and then very very exciting we do have our senior Tax Advisor Kamya she's gonna be joining us for the live Q&A so as you have questions please submit them in the Q&A function so we can save those for the second half of our time here awesome awesome so in case you're not familiar with bench we're a bookkeeping and tax spelling service we're focused

specifically on supporting small business entrepreneurs by taking care of their back office Financial tasks we believe that no business owner should spend their evenings and weekends pouring over bank statements payroll documents Merchant reports and countless receipts at their dining room table just to comile their financials so we you with a real human team of bookkeepers with simple really userfriendly intuitive software to do the bookkeeping for you and that's in addition to helping you prepare for and file your

taxes now passing off to my friend Kaitlin from freshbooks thanks Mary and thanks to all of you for taking the time out of your day to be here my name is Caitlyn and I'm a senior partner manager at freshbooks before joining my team here two years ago I used to work at bench for about six years and I actually helped manage the fresh books relationship there so very full circle uh all this experience paired with being raised by entrepreneur parents has made me really passionate about the small business space so I'm really really

excited to be here today at freshbooks we want to help by making the hard part easy our software allows you to seamlessly create invoices get paid by our clients and now you could even pay yourself and people who work for you with fresh books payroll with freshbooks and bench together we're going to allow you to focus on your business instead of spending your precious time scrambling to prepare your financials for tax season so think of it as freshbooks handling your client facing capabilities your billable hours your expenses your

invoices and collecting payments for each of your clients then let bench take care of your back office tasks their experts are going to take all of the information from your client work and do your monthly books and your endof year income tax prep as your business grows and you add more clients expenses and revenue streams and freshbooks it's increasingly helpful to pair freshbooks and bench to make sure that your books are done every month correctly and that you've maximized your deductions come tax season

all right I'm GNA pass it back to Mary to talk a little bit about why this time of year is the best time to get started on your tax prep Mary I think you might be muted sorry my apologies everyone that happens way more often than it should just wanted to say thanks Caitlyn um and thanks for setting the stage with an acknowledgement um that you know we see you business owners taxes are complicated and a very very stressful topic um and it's because no one learns this in school unless they're an accountant and you don't have

time to become an expert on the tax code and every single rule which is always changing but as you all know unfortunately there's something that you are obligated to do if you don't do it correctly the IRS is sitting there waiting to charge you fines and penalties and interest it's also a lot of work to do the bookkeeping and capture every single deduction you're entitled to so business owners often leave out some transactions which means again you're paying more to the IRS than you need to so how do we make sure we get

this all right we start preping in advance tax season it doesn't need to be a Sprint it's something that ideally you're preparing for by doing the work year round and if you are doing it yourself you're going to need to make sure you understand at a minimum what is expected of you what forms to fill what to pay when then you have to make sure you don't pay more in taxes than you have to make sure you're capturing every transaction um and yes that does include your Amazon purchase that you made on

your personal credit card if that does sound like a lot you need to know that once again you are not alone most business owners try using a DIY software when they start the business even if they don't know the first thing about bookkeeping and that can be really hard now think for a second about the problem that your company solves whether you sell products or deliver a service now think about what you say when people are doing this themselves would you recommend DIY in your industry probably not DIY is not

something that you would recommend for what you specialize in offering for your customers nor something that's as technical as you know being compliant with the IRS so regardless of what your plan is getting started early is the right step so let's s in to see what you can start doing today to get you prepared and knowledgeable on how to save on your tax bill great let's start with tax deductions and credits so first we want to clarify how tax deductions actually work this term tax wrov is often thrown around and

there are so many misconceptions about what a tax deduction actually is and how to capture it and we're we're going to start here with a Quick Clip to show you what I mean a new L yeah I'm thinking of bringing Hare um into the store so that's a write off that's a write off yeah do you even know what a write off is uh yeah it's when you buy something for your business and the government pays you back for it oh and who pays for it nobody you write it off who writes it off I don't know the

Govern the write off people what why are we having this conversation so if I need booze to get through my day I can just write that off that's a stretch but the skincare products you got this morning those are right off what skincare products you purchase skin care products okay I am the face of the company if I have acne what does that say about the legitimacy of the store that's not a write off that's not a write off they not a write off oh well the betting is non-refundable so David a write off is a

business expense used to reduce your taxable income okay well then why isn't it called a tax write off it is it is so as we saw here with David there's a lot of misconception about what a tax deduction or a tax write off actually is so if it's something that is unclear to you you're not alone a tax deduction is an expense you have that reduces the amount of your income before tax is calculated so tax deductions are important because they lower your taxable income or the amount that the IRS is going to come looking to charge

you tax on this could help you shave hundreds maybe even thousands of dollars off your tax bill so after the webinar we're going to share a resource on the types of deductions you should look out for and we do usually run a webinar in January that dives into this topic a bit deeper um we're going to talk about the ones that are commonly missed so you should definitely join us for that in the New Year awesome now while tax deductions reduce your income before tax a tax credit reduces the actual tax you owe dollar

for dooll and if you do not owe tax certain refundable credits may give you a refund so let's walk through a super simplified example say your gross income for the year was $100 and you have $10 of expenses that you can submit as tax deductions those are subtracted from that gross income to get your now reduced taxable income of $90 then the IRS comes to collect taxes on that $90 let's say again simplifying this you fall under a 24% tax bracket 24% of $90 is $21.

60 that's now what you owe to the IRS but if you are eligible for any tax credits you can then take the amount of those credits and subtract them from your tax bill to get your final taxes out but like anything with the IRS it's not always the straightforward you know there's rules nuances for different expenses to be aware of for example business meals expense you can generally deduct 50% of qualifying food and beverage costs but you can deduct 100% of the cost of providing meals to employees such as buying pizza for dinner when your team is working late or

having a party working with a professional is the best way to make sure you are taking advantage of every single deduction available to you and complying with the IRS passing back to you Caitlyn thanks Mary so now that we're all on the same page about the IRS and how tax savings are accumulated let's talk about some ways for you to optimize your tax situation that need to be handled before the end of the year so first I'm just going to drop this here there's no need to panic as you can see there is still time but as

we all know the holiday season gets busy especially for you business owners and every year it seems to creep up on us before we know it January is here taking the time to join us here today is a great first step to getting ahead for next year so now we're going to walk through the list of business moves that you can make to ensure a smoother tax season first things first consider delaying your income until January to reduce this year's taxes if you're a cash-based business postponing invoices or receivables can

be key so how does this help you well when you for the receipt of income you're also deferring the payment of tax on that income into 2026 this can also be helpful for cash flow if your business experiences a post holiday season slowdown next if you've got them tackle your bad debts if you use the acral bookkeeping method and someone owes you money that you can't collect you may have what's known as bad debt so the IRS allows you to deduct the cost of of bad debt from your tax return but you need

to be able to prove that you took reasonable steps to collect on that debt this year use these final weeks of the year to attempt to collect all of your outstanding payments and be sure to keep a detailed record of that debt collection efforts anything that feels like a loss cause can actually result in a tax savings so there are two methods to claim bad debt either using the specific charge off method or the nonacral experience method so this might be something you want to talk to your accountant about so they can make sure

that the debt is deducted properly since this can com can get a little bit complex if office repairs or improvements have been on your to-do list this year let's think about how you can get them done now so the IRS categorizes the cost of property maintenance as either repairs or improvements so you can generally deduct the cost of a repair within a single year so for 2024 on the other hand the cost of improvements generally needs to be deprecated over a period of up to 27 and a half years so changes to property are

classified as improvements when they include betterment adaption or restoration but be careful if you're improving a home office area even in light of the pandemic there are strict rules for what qualifies as a home office the space should be used solely for business purpose so if you have a garage that you use to collect in collect and hold inventory that's a home office but if you also park your car in there not a home office so you won't be able to qualify for any repair Improvement deductions before you submit any

expenditure on these repairs it's a really good idea to have your CPA or Tax Advisor determine whether it can be deducted as a repair or Improvement and this is something that the tax team at bench can also help you out with next if you started your businesses here you might be eligible for significant startup cost deductions is anyone here with us today a new business owner let us know if you are in the chat and congratulations that's a really big first step in order to qualify for this startup cost deduction your Venture must

have launched before December 31st and must be an ongoing business as long as your startup expenses did not exceed 50,000 in 2024 you can generally deduct $55,000 in business startup costs if you're a new business owner we recommend you consult with your CPA or again the folks at bench can help you out there is a lot you're going to need to know so this is just one small item I'm also seeing so many new business owners in the chat and that makes me so happy so again congratulations lastly you might want to re-evaluate

your business entity type it could make a really big difference come tax time so most small businesses start as Sole proprietorships and this is because they don't really require any paperwork or Declaration to the IRS so make sure you check What entity you are as the forms needed are pretty different sole proprietorships aren't taxed as a separate entity instead they're considered pass through entities meaning that they business income and expenses are passed on to the business owner and recorded on a schedule C as

part of form 1040 which is the individual income tax return as a result your business pays the same tax rate that you do depending on whatever income bracket you fall into so we could do a whole presentation on this but each business structure has its own tax benefits and drawbacks so whether you're a C corporation S corporation or a limited liability company making a switch to a new entity type can greatly impact how your business is taxed so talking through your options with a tax professional can help you identify which

entity type will best suit your needs fun fact bookkeeping and accounting software are actually tax deductible expenses so if you plan to buy or sorry to buy an online service like bench or freshbooks or pay a bookkeeper to help you uh catch up on a large backlog of bookkeeping from 2024 Beyond if you arrange for this and pay before December 31st this year you can claim that expense as a tax deduction so if you've been thinking about it now really is the best time thanks so much Kaitlyn that's really really great news to hear

about bookkeeping and invoicing to be tax writeoffs there are going to actually be professional service expenses on your income statements and we cannot wait to show you what that looks like awesome so now that we walk through some moves you can consider making the next two months let's think even further into the future for when it's time to file and talk about what you can start doing today to help prepare for the payment and paperwork that's coming your way you know you're going to need to pay

your tax bill so getting financially prepared for that can help make it less stressful as a general rule it is suggested that you set aside up to 30% of your net profit for taxes the amount set aside will vary depending on your state and the kind of business you own and the 30% should be based on your net profit for the period versus your entire Revenue earn so to make it easier for you we do suggest setting up a separate bank account that holds only the amount save for tax purposes then move 15 to 30% of every

profit each week or month into that account and don't touch it some banks will help you create a rule that automatically moves that percentage into your savings account so if yours doesn't you can manually transfer those funds once a week once a month depending on when you review your business financials and that will help you make sure you can cover your tax bill without stressing or having to pull money from elsewhere the next piece is getting yourself organized to file Step One is writing some key dates on your calendar

it's really important to first know your business entity type because that will inform which forms you need to submit as well as the date you need to file by curious and you can use the chat here does everyone here know their entity type way to go Michael awesome Paul we got a couple NOS in there we can definitely review that later with our Tax Advisor sweet so it's really important to get your filing type right because they're going to be fines for not completing a form or paying the associated fee on time and for every

form that is not filed or filed incorrectly there are fines they can charge so to find this list you can definitely Google your entity type and tax forms there's a lot of resources um but bench we do have a really great tax guide that spells out all the forms needed per filing type and I believe we'll be sharing that in the recording email as well so some key dates to be aware of January 15 if your business pays taxes on a quarterly basis the final 2024 estimated quarterly tax payment is due this day that's January

15th generally you should expect to make estimated tax payments if you're profitable however depending on your tax situation you may have an estimated tax responsibility based on your personal tax situation so you can confirm that with your tax professional now next date here Janu January 31st the W2 form if you have employees you'll need to fill out two copies of form W2 for each one one W2 must be submitted to the IRS the other must be sent to your employee now there's also the 1099 NEC if you work with independent contractors

you must file form 1099 NEC by January 31st 2025 copy a must be filed with the IRS by the state copy B must be sent to the contractor on the state as well next we have March 17th this is the first filing deadline S corporation and partnership taxes will be due this state April 15th if your business pays taxes on a quarterly basis the first 2025 estimated quarterly tax payment is due this stay and also this will be the sole proprietorship and corporate tax return due date as well these are just a few of the dates to know again consult

that list of forms their due dates to make sure you are fully covered lastly get a head start on those deductions you know if you're not working with a professional who will be identifying deductions for you you have to start the work now if you haven't already identified the ones you can take advantage of it's really really important to lower that t spell better yet get in the habit of regularly reviewing your your expenses monthly to find them so that moving forward you don't have to spend time

trying to remember what a receipt from February was for because I sure wouldn't I have a bad memory awesome so we talked about a lot here today there's deductions credits moves to make before tax season um and some early prep you should start now we know that it's challenging to navigate all these forms and payments deadlines it's easy to give up and not hunt down every deduction that could lower your tax bill if you're doing it yourself you need to make sure that you are on top of it make a clear list calendar so you

don't miss something or fall behind or you know miss a deadline get hit with one of these findes but having someone to double check for you is in valuable and better yet having someone do all of it is a huge time and stress saver so if you're looking for personal Hands-On support to pay the least amount of taxes possible come talk to us this is literally what we do we have a professional team doing the books for you and they'll even file your taxes if you don't have an accountant that you're

married to we hunt down every single trend action and deduction possible so you aren't paying a dime more to the IRS than you have to and you have unlimited access so that's unlimited communication with your team so if you have questions on how to use these statements to make financial decisions whether to incorporate or where to file those incorporation papers we completely got you we do this for you every single month so you always have the financial information you need to make confident business decisions now whether you need 2024

completed cleaned up caught up possibly from years past our catchup bookkeeping experts will work with you to ensure that your previous months or years of books are swiftly completed and compliant with the IRS regulations now is the time to get 2024 caught up if you're behind this will make tax spelling next year a lot easier on yourself and if you wait until next year you're going to be scrambling before deadlines trying to plan for 2025 but caught up in the headache of what your financials were in 2024 thanks Mary so this video shows you

just how easy it is to get started with freshbooks so simply create an account and you'll be directed to your dashboard where you can get started creating your first invoice simply add your client details billables and send it off clients will get your invoice via email and they can pay you directly online providing you a seamless way to get paid you can also add expenses easily by connecting your accounts directly to freshbooks or adding them from your desktop or mobile when you're on the go this makes it really simple to get a

snapshot of the health of your business using the reports that will be populated in your account in addition to these features freshbooks gives you the ability to do things like time and mileage tracking providing proposals to your clients and we recently launched freshbooks payroll to help you pay both yourself and any employees that you might have and these are just a few of the features that we offer so as we get closer to tax season all of these tools and reports will help you get organized and if you decide to move forward with

both bench and fresh books this information will also become invaluable for your bench bookkeeper I encourage you to check us out and see how we can take the heavy lifting off of your plate if you're wanting help now really is the best time to get ahead of year end and through the bench and freshbooks partnership you can get a special discount of 20% for 6 months off of bench or if you're just interested in freshh books you can check out our website and get 50% off for 6 months of our own service so to claim the joint uh offer

that we have with bench we're going to drop a link in the chat for you and we will share this in the recording email as well so that you have it afterwards Mary throwing it back to you awesome great so that brings us to the end of our presentation portion thanks for tuning in I am now excited to kick off our Q&A and in a moment I will introduce our senior Tax Advisor who will handle most of them but remember if you have any questions please use the Q&A function to submit so we don't lose track of any in

the chat um and I will be keeping an eye on the chat as well scrolling up to make sure that we do answer all the questions for you Kya over to you thank you hello uh my name is kamama Franklin uh enrolled agent and Senior Tax Advisor for bench uh let me see we do have several questions so is it that you just want me to start at this at the top Mary and uh continue on yes so I think what I'll do here is I'll go to the Q&A function first um and then let me just read them out and then we can head into the chat

and see which ones we can find that we're kind of lost in there perfect so um we will start here with a question from Sean so if you have a home business and a dedicated home office and clients do visit your home can you write off any home repair expenses home upgrades to the front house Etc Great Well Sean uh yes okay so if you if your home office qualifies you to have a home uh office deduction on your um sole proprietorship business single member LLC Schedule C um yes you can take a portion of um any expenses that

you have that are considered indirect and then there's a second way for instance if you were to make upgrades to the actual space in which you have the home office those will be considered direct expenses so you'll be able to take 100% of that um but if you're in a home and you're just doing General um repairs for instance um landscaping or for instance just general repairs to make the the B the home um in general yes you can write that off uh the percentage of use for your home office awesome thanks K next one here um the

question is what about W8 independent contractors okay so I'm I'm assuming when you say W8 independent contractors you mean contractors that are hired internationally from other countries other than the United States if that's the case uh what happens is they file a W8 Ben form and so that um if they aren't United States citizens you aren't required to issue them a 1099c as you would someone who's a United States citizen but uh those individuals are required to file the form Wen and submit them to you uh which

certifies them as a foreign um person and it also allows them to determine what type of treaty benefits depending on what country they're in um if not you as the person the vendor that is uh using them would be responsible for withholding tax from their particular um monies that they're receiving from you so great question thank you so much K I am learning so much already awesome um from Daniel here uh two questions are the dates the same every year and how do you know if you owe quarterly payment okay so generally speaking yes

the due dates are generally the same every year so estimated tax payments are due generally uh quarterly on the 15th so you'll have it due uh April 15th so if this is a holiday if there's a holiday that falls on April 15th or if there's a leek year there's a chance it it can you know maybe go to the Monday or go to the next available business day um but in generally speaking it's going to be April 15th uh June 15 September 15th then it jumps to January 15th of that next year um this next year coming I believe it is

the 15th um um and you said the estimated tax payments yes what's the second question how do you know if you owe sorry how do you know if you owe quarterly payments okay so quarterly tax payments are determined um first of all the majority of uh people who have businesses will probably pay tax with their individual um as a individually um the only entity that would be required would be C corporation so if you're S corporation partnership uh or so proprietor business you're going to pay tax individually so

you if you as an individual owed $1,000 or more in the previous year then that's what sparks the IRS to uh expect to receive an estimated tax from you so if you don't have that so let's just say in 2023 when you filed your taxes either on October 15th or April 15th this year you got a refund okay you don't necessarily have an estimated tax responsibility meaning you have to pay something April June September or January um now that doesn't say that you won't owe anything you know when the due date comes but you

won't receive a penalty for not paying in advance those monies um if you owe less than $1,000 do you know the suggestion is to make the payment but you don't necessarily receive a penalty for not sending it but once you hit that ,000 Mark in a in a prior year so 2024 is the next year that we're going to be filing a tax return if you owe more than $1,000 as an individual for 2023 you have an estimated tax requirement uh to pay within those four quarters now um if let's just say by chance you file

late or you didn't file until October 15th because obviously two out of the four estimated tax um due dates have passed by maybe you didn't realize you needed to pay this this is common um there are other things we can do at the time of filing you know determining what type of estimated tax filer you are maybe you can be an annualized uh tax Filer and that can also mitigate you having a pay the penalty so it just depends on you know where you are personally but generally speaking that's how they goes awesome thanks Kya okay um there's

an easy question here for me just to give you a little bit of a break um does bench use offshore bookkeepers um and then do we have to disclose this to our clients um give you guys some piece of Mind here all of our bookkeepers are in housee um so we have two offices we have a Vancouver office and then we have a Toronto office um but everyone that works within bench either live in Canada or in the states so no one overseas no one offshore um they are going to be all employees of bench trained professionals perfect okay so um next question here

this one's a little bit more personal let me just take a look okay so if as a business owner I submit a 1099 for my contractors and then submit it to them but didn't submit it to the IRS what is the py what do I need to do um I've given it to my contractors yearly but I just learned from you that I need to also submit to the IRS oh yes well that's that's common and that's okay you know we're all here to learn um but yes uh when you have independent contractors that earn from you more than uh $600 in one year uh as

of 2023 you're supposed to issue them a 1099 and then send a 1099 to um the government um this is so that they can track you know and and make sure that they keep the tax Gap uh as small as possible so if you had not sent that to the government um there is a penalty um I did look this up and so if you pay after January I mean if you send those documents after January 31st and you're from one to 30 days late there's a $60 per form fee up to a maximum of $588,500 per year per small business if you're 31 days late to August 1 then it

goes up to $120 per form so it doubles um up to a maximum about 1.1 million and then after August 1 or not filed at all in that year it's three $310 per form up to a maximum of 3.5 million so it is important to get those documents in on time um and the IRS U expects you to do so so if you haven't you know this coming year just make sure you do it by January 31st that's what I would do amazing thanks Kia okay from Sean oh I think we already got that one my apologies um the next one here is can we talk a little bit about accelerated

depreciation or a tip for someone that has high net income and wants to bring it down with some deductions before end of year well sure okay so the the hottest topic regarding that you know due due to the uh tax cuts and job act and different things that arise because of covid um they allowed for more more bonus acceleration uh for depreciation opportuni so for instance if you purchasing a heavy vehicle uh there are certain vehicles that are considered heavy if they're over 6,000 pounds and since around 2021 we're in 23 right since 2021

we have been able to take the depreciation or the full expense of a heavy vehicle in one in that current year so uh since 21 you know there have been changes um and so for two the year 2024 I believe the maximum you can um take in one year or in the first year uh that you place it in service would be 60% but that can be done for vehicles heavy machinery things like that um and so I have seen where High net earners use that um I have heard you know individuals who are W2 based uh now short-term rentals are things that people are looking into you

know being someone who uh is called Airbnb you know having shortterm rooms where people come in and they uh rent your home or something that you own vacation property whatever over less than 14 days and then that allows you and qualifies it to be a short-term one I mean there are more requirements than this this is a generally speaking thing and if you would like to handle something like this I would definitely suggest that you speak to your CPA or a responsible person that can run numbers for you to see where you would be but generally

speaking those are the two hottest things that a high net earner could consider you know lowering the income okay perfect awesome um next one here is does bench support xat slash us business owners working from abroad with bookkeeping yes if they are us United States citizen um yes we can definitely assist with that now um if you have certain foreign um involvement um then you may run into an area where you may be a a disqualified person for bench tax that does not disqualify you for the bookkeeping portion but um in order for us to be able to

successfully complete your tax return if you have certain foreign things um and not just you uh living because we we know it a lot of people that decide to move or live abroad instead of living in United States but they have a a United States business or they have dealings in the United States which makes them still have to file a uh us tax return so um not that but if you run into some things where you might have a partner that's foreign or you might have some type of other business that we need to incorporate into your personal return or

your business returns something like that maybe disqualified but generally speaking yes we do support xats that are United States citizens and have United States businesses awesome yeah thanks Kya yeah just to make sure that's extremely clear for everyone bench bookkeeping we can definitely support you as long as you have that us you're registered in the US you're looking for cash bookkeeping and the only limitations are going to be around bench tax um that just we just want to make sure that you know we can

really support you in all the complexities and so that's something that will be really really great to speak on when you speak to one of our uh bench Financial experts great um there's also a question here from Margaret that's asking if it's 70% off for both products um so it's actually 50% off six months of fresh books and 20% off six months of bch great now Kia question for you here from Sarah do you have far compliance experts um generally speaking no we do not we we won't have those type of

experts here uh different things like that we lead to uh others who have have a more um personalized experience with that we just certain things we just don't handle and things uh of that sort we do not and Kya is that because it's a cruel is that correct yes it's just things you know the way that our business model is set up at this very moment is that we um you know help I don't want to say a simpler client because we do help a lot of those that are um have more complex uh situations but you know for the most

part we handle cash or modified cash based exactly businesses and that's why because it goes off to the left there we want to make sure that we can offer you the best as possible experience when handling your personal identifiable information and your personal finances you know you don't want to come up with something you know and we trying to do something that we don't have a business model for yes absolutely perfect great um and this one here can an outstanding invoice from two years ago still be

considered a bad debit deduction um uh for cash um for a cash based taxpayer I'm going to say no perfect awesome next one here is I would love to learn more about the limitations or things to be mindful of when it comes to expenses that are deducted able um you mentioned that food can only be submitted 50% can you say more about that what are other types of expenses we should be mindful of um for this one I'm going to actually refer that to the resource that we will be sending you over email it's going to

show you uh just an extensive level of information on the deductibles um and it's also going to show you just the percentage that you can be writing off and then the most commonly M deductions as well okay and I will just say one thing um anything that you would potentially like to deduct what need to be ordinary and necessary for your particular business so um if you take it that um take that first then that will help you um because it's supposed to be this is what you have spent throughout the year

supporting your business and it has to be ordinary meaning something that's not extravagant you know it's not something that you uh that you would naturally or normally see under the course of uh your business conducting business awesome and then from Vivian here um they asked if we are assisting with ride share drivers as well um and I have been with bench for a little over five years now I have definitely spoken to a lot of rare drivers um so feel free to book in that consultation we are more than happy to

help great now this next one here says they're too deep into freshbooks right now and what other accounting software does bench work with um so I'll clarify this here so fresh books um they really really specialize in AR so accounts receivable invoicing um and then they do offer bookkeeping SL accounting on their end um but on the bench side what we specialize in is accounting um so Kaitlyn do you mind just expanding really quick on what other accounting softwares that y'all might be working with um so I think what

this person is actually saying is that they're they're using another platform and they feel like they're they're kind of golden handcuffed to that to switch to FR God oh God um but just to throw it out there we do offer either like a manual switching service or we have a team that can help you trans for your information over so if that is a concern um you know please reach out and talk to us cuz I'm sure we can help out there if you really are looking to switch off of whatever you're currently using right

now perfect yeah thanks for clearing that um clearing that up for me Kaitlin um so yeah if you let's say you're looking to move over to bench for bookkeeping um justess as the same as fresh books it's a very like Hands-On um personal support you know there's a human on the other end that's if there's any other like thirdparty logins any like statements that you need to upload we can pull in that you know seamlessly through and then we can catch up your bookkeeping for you for as you know for as far back

as you need to go really great um now for Kya uh for an es Corp Can you hire your kids or family members using form 1099 uh you definitely can I mean that means that they're an independent contractor an independent contractor generally speaking um is considered self-employed so they are going to pay ordinary tax as well as self-employment tax which is around 15.

3% so generally speaking that person your children or your family member will tend to pay more tax um there is a thing especially in California and other that are highly regulated or pay attention to this where they are identifying or making people determine whether uh a person is a actual employee you know there's a test are you an employee or are you an independent contractor and it surrounds the work or the level of control you have um to that person so um you can do that but you want to be careful to make sure to determine if the person is actually doing independent

contract to work meaning they're working kind of on their own or determining the type of work or how they're going to do the work themselves or if they are truly a wage earner which mean that you would need to pay them as a w you know give them a W2 and and them a paycheck and take out the proper Medicare and Social Security tax um each time they they're paid so that's the big difference but you definitely can do that that's possible thanks Kya okay I'll take this one here um there are some questions

around how we communicate um or how a business owner would be communicating with bench um so it's not just cenly cenly is just to book in that live phone call or maybe a zoom um we have actually a message feed um where we aim to get back to you within one business day so outside of the phone or Zoom meetings you have your message feed unlimited access um there's no additional cost there great now Kya um if I purchased an existing business does any of the cost that does any of that cost count towards startup

costs uh well it definitely would depend it definitely can you know it it really depends on how that uh purchase is is uh set up but uh of course if you you know you you purchased a business you know know it may have assets it may have uh a Client List It may have a building you know it just depends now if you're having to and have not opened a business for instance if the business is closed and then you bought a business and then you're reopening it um there is a portion where you need to place the

business and service anything that you purchase in that window will be considered a startup expent so in that case that would be yes so I mean it just VAR it just varies but um yep I definitely something like that is a little bit more complex so I would suggest you lay out all the details to your CPA or your enroll agent and they will you know give you more guidance for what is deductible awesome okay so next one here from Kim how do we determine the benefits of switching from an LLC to an escort and does bench help me with

changing my tax identity bench definitely uh can assist with that okay generally speaking all right um NS Corporation is a election so it's not actual entity change so you would be determining um you know as a LLC you're either a one person or single member LL or a multi-member ll uh and that means that you registered your business with a state and um they're determining what you are based on the number of people that are registered for that business um so whether you're a multi-member LLC partnership or a single member LLC you

know so defaulted to so proprietorship Schedule C uh reporting on your personal return um you can decide well I want to take the S corporation now should you it depends on a lot of things what what you want to happen um do you have a need you know to do it um do you qualify meaning you're just fully domestic just the US you know you only have us people you don't have a need to take on investors um your profit might be to the point where you can stand to save money now um you know which is negligable it just

depends on where you are usually that starts around I say around $60,000 profit um so you definitely can do that I mean it's it's relatively easy um because it's just a one sheet form you won't need to change anything it's almost just like submitting the form and then waiting on the IRS to respond to it it's form 2553 um and there is there's wording that needs to go on there um but you don't actually have to switch um anything with your state you leave that alone and just make sure you have a tax

ID number in that particular um registration there if you don't have a registration with the state then you would need to go and register with a state as a LLC and then apply to Bea s coration awesome um question here again from Sean and um I know we're going to be sending out the resource but since we have you here Kamya are there any unusual writeoffs that people might not think of like clothes te thermatology um and then they said I know we can get an HSA account to help with healthc care right off which is

great um but they're curious I mean depending on who you are for instance if you're in entertainment and you wear new costume if if it's something that you can't wear on the street then yeah you can definitely claim that you know for the most part if you can prove that it's something that's required and ordinary and necessary for your business to operate then you can definitely deduct it um as far as health care is concerned um you know that can be written off as an adjustment uh if you're selfemployed you

know or either if you have a S Corporation your business can pay for it and then it has to go on your W2 and then you write it off as an adjustment but you can definitely do that H just say you know are good um uh Health reimbursement plans if you have a spouse you know that works for people who have that you're sole proprietor businesses you can hire your children under even if they're under the age of 18 um and you don't have to pay any Medicare or uh Social Security tax for them and so that's a good savings and not just

paying them a salary but you can pay them in other things such as like uh their own IRA and things like that so you put money up for them um so so those are some good items uh for that last one um you can only do that you know the best way uh as a sole proprietorship business awesome great um now from Aaliyah can I write off some work trips as mileage reimbursement and then claim gas to fill up my car when traveling for certain work trips so you definitely can uh reimburse or claim the mileage you want to keep a

proper log at all times uh and it just needs to identify uh where you you know why you needed to go how many miles it was and it can't be commuting miles it has to be from uh your work location to the location that's uh not uh your work location so you can't do it like from home to there uh but yeah you definitely can take it uh it just needs to be documented properly um even if you're traveling uh yeah you can do that if you're if you're on um on a work trip and you're driving for sure yeah just make sure it's

documented great perfect um this one here if you are a US citizen and you've been working as a 1099 contractor in the States but you move abroad um does that change what form you use uh no you must report your all your worldwide income so if you were working as a contractor in the United States but now you work as a contractor some kind of way in another uh country or if you uh working from home somewhere but you're in another country you're still responsible for filing the uh 1040 you form you know that's still the form you

would file um the other forms are for individuals who are't considered residents so yeah that you would if you're United States citizens you want to file the same form uh form 1040 and if you have any other income in that country you also should report that to uh on your 1040 and then determine you know because you might have a filing requirement in another country now determine you know what part may not be taxable in that in the United States or the other count so you know it becomes a little bit complex but that's

something that we can definitely assist with thanks Kel um and I'll take this question from Carl here so can a single bench subscription be used for multiple small businesses under an umbrella company um so essentially what this is um is we can definitely have businesses on boarded under a holding company but each company under that if you're looking for detailed books then those have to actually create a second third bench account um but we do have multi- buus discounts as we do have a lot lot of entrepreneurs that we work with um

that have a lot of different businesses um so feel free to book in that consultation and we can definitely talk about how we can support you okay um I'm just gonna jump here um we do have one question that was asked um by a few people and a few times so um I just want to ask this as the very last question and then we'll wrap up um so I have a lot of customers whose businesses I support uh is it tax deductible when I spend money with them um what do they mean businesses they support so they are the vendor they

(1:00:41) are providing services to uh people um if you're providing a service and you're considered to be in business and you're getting paid on the $10.99 or they're paying you cash or check or something of that sort then yes any expenses that you incur may be tax deductible to you uh so it looks like the person who asked the question was saying that they're buying from the customer you're buying a product from your customer to be able to provide the services that you uh give the customer if you're using it in the course of

(1:01:28) business I want I I would lean to say yes that's tax deduc if you you purchase make a purchase even though that person is a vendor of yours um and then you need to use it you know I'm I'm assuming for instance if you're a IT person or something like that but you're servicing a Best Buy or something I'm just off the top of my head and you bought some type of something that you needed to use then yes that would be deductible if it's like a piece of equipment or or something like that the supplies will be

(1:01:58) deductible to you as an expense awesome cool thanks M we appreciate it no problem okay um so unfortunately I know there's a lot of questions um this is exactly why we have bench we have fresh books um we are at time we're actually three minutes over 11 sorry about that y'all um but what we're going do um is we're going to send a an email we're going to be you know re-sharing this recording link you can sh share it with your fellow business owners as well um and then also send a link to freshbooks

(1:02:38) and then to bench so you can talk to our experts ask these questions they're very very knowledgeable um and then let's say you do on board um you know we have lovely tax advisors like Kia here um that are more than happy to help so guys thank you so so much for for joining bench and fresh books today um and you know we can't wait to join you y'all again very soon thanks so much everyone thanks everyone Bye by