1. Good Habits for Bigger Savings Next Tax Season - YouTube

<https://www.youtube.com/watch?v=ppeMV4LoADY>

Transcript:

all right we've got some folks trickling in already hello hello hello hi everyone happy Wednesday happy Wednesday good morning or afternoon wherever it is that you're joining from yeah we probably I imagine we have three or four time zones here today I'm over in the east coast Leila where are you I'm on the west coast so we've really got a nice range of time zones yeah actually while we wait yeah if anybody wants to start chiming in the chat we will have some participation um so if anyone wants to

share where they're joining from you're more than welcome to yeah let us know in the chat on on the East Coast I'm calling from Toronto today Lea where are you I'm in Vancouver um in Canada awesome we have Argentina in the chat Colombia wow Atlanta Long Beach California that's fantastic Camino Dayton Ohio Jacksonville South Carolina Maryland Bethlehem L Harrisburg we got people from all over today all over yes love this uh I'll go ahead and just start sharing my screen here so that we

have a a background to kick us off let's do it awesome well I know that folks are still trickling in in the case of time I think it would be good if we go ahead and and kick things off um so I can go ahead and and start if Dan that works for you yeah let's do it all right sounds good well good morning afternoon or night depending on where you are coming in from I know we've got a pretty good uh range in the chat here so my name is Leela I lead the account management team here at bench accounting you'll learn a

little bit more about us in a moment here I've worked at bench for just over three years now and supported business owners throughout that time to really get a handle on bookkeeping and tax filing needs I personally I'm really passionate about this space and about what you all do as business owners because I get to help entrepreneurs like you who really are the backbone of our society you all drive the economy for real and you make a huge impact every day uh personally my mom actually uh raised me as a single mom and she had a private

therapy practice all her life um she always really instilled in me how cool it is to get to Be Your Own Boss and she always gave me kind of that insight into what the admin side of things was she always talked about her bookkeeper and her tax team um and really really let me know how much that bookkeeper saved her year after year and how crucial that role was for her when she was getting her start and to this day I think she worked with the same bookkeeper for like 20 years um but what I hear all the time from folks like you is that you know you

didn't start your business because you're passionate about fulfilling government requirements like bookkeeping or filing your taxes you also don't know what you don't know you know rarely do I speak to business owners that actually studied Accounting in or out of school and so this really impacts the effectiveness of the books and taxes you prepare but I'm here today with our partner relay to hopefully shed some light on how you can truly master your finances by organizing your processes

and more importantly paying less to the IRS but before we start let's also take a moment to appreciate the fact that you are here today A lot of this content I know can make people go crosseyed I recognize that most of the time you don't want to be actively thinking about bookkeeping but you're taking this critical step to show up for yourself and for your business so thank you and good job looking forward to diving into this all with you so who are we well we our bench we're a bookkeeping and tax

filing service focused specifically on supporting small business entrepreneurs that traditionally get left behind by the accounting industry so at bench 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 table time with your families and time growing your business that's what you want to focus on and that's what we want you to be able to focus on too I mean after all paying for a bookkeeper is a tax

deductible expense but all the time that you're spending learning to be a bookkeeper is not so overall our goal here is to help people save money make more money Pay Less in taxes and we do that by pairing a real human team of bookkeepers with a simple intuitive software to do this bookkeeping for you and to make sure that your books are complete and your deductions are identified and I'll pass it over to Deanna to introduce relay thank you Leela I'm Dean I'm a product specialist here at relay and we're going to dive

into how relay is going to help you in your next tax season later on today but what is relay story so we were founded in 2018 by co-founders with a long track record of working in payments with small businesses and with small business advisers we serve all of the United States we don't have any physical branches we are 100% online and we are partnered with thread Bank through which all of our accounts are FD insured and we have over 10,000 customers on relay specifically here to practice profit first and this number is growing every

day amazing so here's what's on the agenda today and what you can look forward to so we'll start with a recap of tax season and the current economic state so that you can have an understanding of external factors to consider in your financial planning then we'll talk a bit about how expens how effective expense and receipt management can lower your tax bill so you don't give the IRS a dime more than necessary and then our friends at relay will talk about cash flow management good habits and we'll wrap it all up with some

tactical tips on how to create a calendar and routine to make sure that you're keeping on top of everything that we talked about so you don't miss out on deductions or have a pile of work next tax season and then of course we'll have a Q&A at the end so if you have questions as we go please use the Q&A function to submit because otherwise they will get lost in the chat but all right let's kick things off so now that it's a month behind us I want to ask how was tax season for you so throw things

in the chat I've got some kind of prompt questions here you know what was your biggest challenge what sucked the most uh write it in the chat I'd love to know you know if it took a lot of time if it was what you expected all right yeah very rough very rough I think if anybody's answering what sucked the most we could be here all day in the chat very true underestimated paid accountants prices rise are crazy filed for an extension yeah these are all super super relatable I'm sure everybody's nodding their heads

virtually at home now still dealing with it they filed an extension um and amended for 2022 person doing my books was a disaster rough not getting back the amount I thought I would filed for an extension and reviewing all the transactions now um oh we have one person so far planned well and filed on time amazing congratulations we can put that as the the star of whats like that's amazing oh we've got a couple of them amazing well congratulations that you had not a horrible tax season uh as you can see overall actually I think that this is

like a fairly good representation percentage wise of how people feel during tax season you know there's always going to be a couple people or you know maybe let's say like 10% where tax season done dusted easy super chill no problems at all but then there's going to be kind of that 90% where maybe you know it's it's just not not the greatest uh couple months of the year so with that in mind actually to give you kind of some stats here according to the results of the National Small Business

association's small business taxation survey uh nearly 60% of small businesses reported that the biggest challenge from federal taxes is Administrative burdens and you know that's not suris ring there are so many forms and documents and dates that you need to be on top of especially if you weren't able to stay on top of your books all year long and you had to continuously play catchup and it can be so timec consuming if you're doing any of it yourself according to that SBA survey the average time it took

to prepare taxes for a third of all small business owners was more than 80 hours so Chim in in the chat if you were doing this yourself how long did it take you and also was was there anything that surprised you about how long it took if you had to guess gut instinct how long do you think maybe the bookkeeping part of it or the tax part of it took you drum roll I know it takes a lot of a lot of thought to put all of those hours together I'm sure yeah sometimes you don't want to think about it right that's fair that's definitely fair but

either way I mean 80 hours that is so many weekends days away from the job site or from your family so no matter how long it took you and you can play those cards close to your chest that is okay sometimes it it's not something that you want to admit how long it really took you to to go through tax season but also I want to call out that I'm speaking about this as if tax season is over but I want to recognize that for many of you that may not be the case you know we have extension season coming up in September October or you may not have

filed for an extension and are behind or you might have a notice from the IRS that you're dealing with and so just know that we speak to owners like you every single day and you're not alone if you haven't paid your taxes or filed for an extension do so as soon as possible and pay your estimated amount if you need any help doing that we'll share later how to get in touch with bench uh for help on how to complete those taxes all right so aside from tax obligations there are some external factors to be aware of when you're

setting yourself up for Success financially so here's just a few econom iic trends that can have an impact on your business so you know we're looking at consumer inflation which is currently at 7.9% which is much higher than the target that's potentially raising expenses by about 3 to 5% we've got interest rates uh where the FED rates at 0.

25% and no cut yet it's a good time for borrowing and investing for your job market we have unemployment at 3.6% which is making a really tight job market meaning that wages are up about 3 to 4% to to kind of match that scenario and then for the stock market the S&P 500 is up 10% year-to date so it's showing strong consumer and investor confidence so what is that all mean that's a lot of numbers a lot of decimals a lot of percentages but for your business there's a couple of ways that you can kind of navigate these scenarios so number one would be manage

expenses so you can monitor and control costs to mitigate the impact of inflation basically meaning regularly assess if the expenses that you're having are actually necessary for your business another thing you can do is evaluate borrowing so you can assess if current interest rates present present opportunities for borrowing or refinancing and you know holding off might be best in which case managing your cash flow which we'll talk about in a moment here is really crucial we also want to focus on retention so in a

competitive job market like we have right now where unemployment's really low we want to prioritize employee retention through competitive wages and benefits and also stay informed so monitor economic Trends and adjust strategies accordingly I know it seems cliche to still be saying this but nothing has been the same since 2020 so staying up to date is important for you as a business owner our favorite resources for this are Gusto nomics by Gusto uh which is a Blog that our our partner Gusto has and then also our

bench blog we regularly share updates about kind of the state of the the economy and I know that this type of data can make people go cross side especially business owners who are doing what you do from a place of passion and not economic expertise but getting a handle on these Dynamics can really help you with financial planning and it also underscores just how crucial it is to maintain that cash flow keep thorough records and stay on top of managing expenses and this is why we need to set some good habits now to make sure that

you're doing the work as you go this year and it doesn't all appear as one big scary task in March because if you aren't doing work during the year I guarantee it's going to be harder on you come tax season you know you're going to overpay in taxes or spend more time than you should on evenings and weekends that being said we know this is easier said than done you know a lot of us want to do better but we bias to inaction because of fear or stress or maybe you just can't regularly commit to taking

the time to go through your finances every month or quarter so if you know this is you you're in good company you just need to get a system in place that works for you and if that means having someone else do it for you then great it's really not worth a stress of having to figure it out if that's something that causes you that anxiety and stress so keep this in mind as we talk today so you can make sure that you can be honest with yourself about what you can or can't add to your plate so we'll start

here by kicking off uh with expenses and deductions we always get a ton of questions about what you can or can't expense so here's something to help motivate you to keep on top of these expenses and receipts the return on good expense and receipt management habits is a lower tax bill so meaning that the time and the effort you put into regularly reviewing your expenses is a lower tax bill because you're going to catch deductions that will directly lower that amount in case you aren't familiar with how deductions work or you

need a refresher here's how it works so you take the amount of the expense and you subtract that from your taxable income and this is the number one thing that is in your control to lower your tax bill but like anything with the IRS it's not always straightforward there are rules and nuances for different expenses to be aware of so before we get into best practices for how to track these I'd like to spend some time talking about what you can or can't claim for the categories that we get the most questions about which are home

office vehicles and travel and entertainment so we're going to play a little bit of the game we're bringing back the chat uh and I'm going to ask if something can or can't be counted and you let me know in the chat what you think this is much less fun if no one one participates so please get your typing fingers ready this will be a true and false round so we'll start with home office true or false mortgage utilities and property taxes can be expensed let's see we've got yes lot all

true so far yes yes yes yes amazing well you're all so so smart H because yes the answer is yes um next question here so we're rewinding it to a new one um home office space only counts if it's never used for another purpose so for example personal use on weekends we got oh we have a mix of false and true oh we got true question mark not feeling confident about that one okay we're right down the middle I think Leela sounds good okay well according to my notes Here the answer is yes but within reason so it's kind of a

yes and and the question mark from the chat so the to give you more context here if you're sitting in your home office on the weekend to work in a craft project once in a time once in a while that's fine but if you're claiming like your kitchen as your home office where you're regularly doing things that are for personal use that's a bit less reasonable in the eyes of the IRS and you can always consult your tax professional for these type of gray areas so just keep that in mind if you could reasonably say you know what yeah

this home office I pretty much just use it for office uh work unless you know it's that one-off craft project here and there then you're fine but if it does have a bit more of that gray area we would recommend Consulting with a tax professional all right moving on to meals and entertainment true or false you can expense providing meals for employees so for example buying your team pizza when they stay late one night you've got yes is so far excellent and that that is true so oh we got one false it is true so that is an expense

that is 100% deductible and hey that's why we're having these conversations because there's a lot of questions about these kind of things and to kind of flip this into another uh something to open up another can of worms here what about business meals so for example taking a client out to lunch one false the rest are true okay perfect I want to go back really quickly I did notice a question here in the chat um I'm glad that caught it here so Bradley said I was told there's a standard deduction for the

home office and a deduction that uses mortgage utilities the latter is a flag for an audit is that true I want to be this is a great time to bring up I myself am the team lead of the account management team so I'm not a a tax adviser we have wonderful tax advisers here at bench or you might have a tax adviser in your own life this would be a really good question to go into the Nuance cuz I I don't know your personal situation you know there might be something in your situation that might flag it for an audit that being said

generally there are a couple of different ways that you can deduct for home office I actually have one on my FAQs in case this comes up again in Q&A but generally the main guideline from the IRS is that if it's you know mostly uh office use or person or business use then you'll be able to claim it as a deduction um the Nuance there I would take to a tax professional um that being said I'll go back to the true or false question so yes you can take business um or you can take clients out for lunch and claim

that as a business meal however that is only 50% deductible and I see that actually in the chat so great job on catching that and that's really why we wanted to bring this difference up is that knowing that there's different amounts you can claim here for different types of food expenses you know does that mean that you can all of your spending on food and drink can be put under the employee meal category no of course not so the best practice here is to work with the professional that knows these nuances if you don't know them and

how to stay compliant within that perceived gray area and you know I even saw in the chat a little while ago someone that said you know I think it used to be this or I think it might be this now and this is also something that's really important to keep in mind is that IRS things change all the time and as a business owner you should be able to focus on running your business you shouldn't have to stay on top of IRS laws and rules and regulations that come out so frequently and so with that in mind you know that's where if you aren't

staying on top of all of these little nuances it can be really helpful to get those Professionals in on your corner all right so our last category here is vehicle expenses uh true or false if your car is only business purposes you can deduct its entire cost of ownership and operation yes yes true yes amazing that is true it's if it's only partially for business then you can and you use the car personally you can deduct the cost of its business use um so it's basically whatever percentage of it you're using

for business you can only deduct that business cost so it's another case of of saving receipts uh and then for a lease question here true or false uh if you lease your car you have to use the same expense method and to kind of give you an overview I'm talking actual method versus standard method here you have to use those same expense methods every year whatever you start with you have to finish with one true one true true probably you're correct it is probably um it is true so if you choose the

standard method in the first year of the lease you must use standard for the remainder of the lease even if you realize say in year two that the actual expense method will get you more money back so it's really important that you do the work up front front to help you make that choice right at the beginning if you're confused and wondering what I'm talking about with standard and actual I'll give you a really quick overview um so standard what that means is the standard mileage rate lets you

claim the business vehicle tax deduction for every qualified business mile you drive and there's basically an overall rate every year so this year was 65 a. half cents per mile driven for work versus the actual expense method and that lets you claim a business car deduction for a percentage of the total amount you spend on your car so basically you have to keep track of the amounts that you pay for your car throughout the year so gas oil repairs tires insurance registration fees licenses and depreciation so those are

kind of the two different options there standard being a percentage of your mileage and the actual being the a percentage of the overall expenses for the car and if you want any more information on this we do have a Blog article that breaks this down all right so of course we couldn't go through every category here I could spend a whole hour talking about that so after the webinar you'll get an email with some resources and one of those is going to be oh sorry I'm not sure what you mean to say that again if you are

looking for more information on standard versus actual uh take a look at our bench blog so you can go to bench.co um and you'll find a whole list of a lot of our blog articles if you put in anything about car or vehicle you should be able to find the information on our website um so after the webinar you'll get an email with some resources and one of those will be a list of deductions that you can take advantage of and how much you can expense the other best practice that's going to set you up for Success here is to do a

monthly review of your expenses so that you can see if you captured any of the deductions that can lower your tax bill and so we're going to talk a little bit more later about that overall calendar and and when it makes sense to do different pieces of your kind of look back and I'm not going to sugarcoat it this absolutely takes time and effort and even more so if you save it all for tax season like we mentioned before and so here's an important tip don't forget to include transactions made on a

personal credit card or personal bank account these are really easy to forget especially generic things like restaurants or Amazon and so best practice is always to have a separate business bank account and credit card our friends at relay Dean here is our favorite recommendation if you don't have separate accounts and you need to set one up and we can share a special link and offer later so that you can do that to set yourself up for Success this year and not miss any deductions also a quick note for some of

you who might be thinking to yourself you know I only have a handful of expenses it doesn't matter yet it does what matters is building good habits now so that you only have a few expenses and then that way when you do the work now it's going to pay dividends down the road when you're able to lower your tax bill by thousands of dollars so receipts moving on here we got a lot of questions about receipt storage and why you have to keep them so we're going to start here a question that we get a lot is are credit card or

bank statements an adequate replacement for a receipt and the the kind of nuance here is that having the actual receipt shows what it was that you purchased and that's going to prove that it qualifies as a deduction so in something like an audit a statement would only show how much you spent a receipt is going to show the itemized uh breakdown of what it is that you bought so thinking about the difference between that client and staff meal that we talked about earlier without the receipt to prove what you

bought you know how can you be sure and how could the IRS be sure so if you lost a receipt it's an okay second option to use a statement but the gold stand is receipts also people will often ask how long do you need to keep receipts for and 3 years is the rule of thumb as far as audits go that being said if you have a digital receipt you might as well hold on to it infinitely since there's no like physical space that you need to take up with all of this paper people also ask in that kind of vein you know

are email receipts okay and yes as long as you store them together with other receipts so don't just rely on your inbox you know I also want to quickly acknowledge the elephant and the room which is you know we've mentioned the IRS um don't have to save for seven years from what I have here and what I know the gold standard is going to be three years in case of an audit that being said that's why we have that note of if it's digital keeping it forever is always going to be good it's always best

to have more context if you can but three years does seem to be kind of the the overall standard that being said with an IRS audit you know the go-to answer when people ask why you should keep receipts is to keep everything in in case you get audited but what are the chances of you getting audited well it actually is only 2% which seems relatively small but to give you kind of an overall breakdown here considering there are 33 million small businesses in the US that means 660,000 of them will get audited that's that 2% and when they

do happen they're really costly timec consuming and stressful and really we can think about keeping receipts or using bookkeeping Etc as insurance you know you pay for it hoping you're never going to need it but if you ever do it saves you in the news a couple weeks ago actually we saw that the IRS just spent $80 billion to invest in audit processes and this is going to be aimed at you know large medium businesses but they are going to complete more audits faster to make up for lost Revenue because remember the IRS is a revenue generating

entity and an audit is just something you can't afford to risk the best way to avoid getting an audit is maintaining over organized records separating your personal and business expenses and double-checking your math so on like income employee reporting when you file and if you are doing your books or filing and you're not feeling comfortable in your math or accounting skills getting that help is worth the money for the stress saver alone some tips to make receipt storage effective so number one here pick a

digital system and stick with it physical receipts as we mentioned they take up space they can get lost and damaged so we recommend digitizing them you can use dropbox or Google folders also shoe boxed relay actually since we're here they have an excellent receipt management system if you bank with them also we want to make sure that we're setting habits to regularly upload receipts so you're not drowning when you finally get time to upload them and how often you do this does depend on how many expenses you have once a month

might be enough if you've only got a handful of expenses but if you have receipts each week it might be best to set aside 20 minutes on a Friday morning to cross this off your list all right and I will pass it over to Deanna to walk you through our next session on cash flow management awesome thank you Leela now cash flow is definitely one of our favorite topics here at relay and understanding cash flow is really at the core of everything that we do but in order to talk about cash flow we first need to get really

clear about what cash flow actually is so once you truly understand cash flow you can start to cultivate those good habits that will not only improve your situation at tax time but completely transform your business from the ground up so what is cash flow the big question at the simplest level cash flow is the realtime movement of money in and out of your business it's how much cash you actually have on hand to cover all of your expenses and avoid any surprises at tax time so simple concept right well as

simple as that is cash flow crises are incredibly common among small businesses and most businesses experience some type of major cash flow challenge in their lifetime more than half of businesses of business owners don't exactly know how much money is coming into their business each month and chances are many can't tell you right away how much is leaving their business either now this statistic is really Stark but 60% of small businesses will experience some kind of cash crisis in their company's Lifetime

and worst of all most small businesses don't have much savings to really help them weather these crises a fifth would be forced to close after losing revenue for a few months and half would have to depend on the owner's personal funds to stay afloat and what this really comes down to is a lack of visibility into how much money is moving in and out of your business not having the right tools processes and habits in place to effectively manage your cash flow now to illustrate how poor habits around cash flow can really have an

impact on you during tax time I want to walk you through this very common cycle that business owners find themselves in and I'm sure this will ring true for most of you on the call today now you come out of a tough tax season and you're determined this is the year I'm going to do things differently it's like New Year's resolution 2.

0 but very quickly you fall into a cycle of something called bank balance accounting and what this means is you're literally just looking at your bank balance in order to figure out how much money you have so you need to make a purchase you log into your account you see how much money is there and you go ahead and buy what you need the problem with this is it doesn't give you an accurate picture of your financials and by relying only on your bank balance you end up in a very very poor cash flow visibility all you're seeing is a lump sum so you end

up doing some quick mental math to figure out your numbers and you end up actually totally confused about where your money is actually going and because you have such poor cash low visibility and you end up misallocating your resources like overspending on some expenses or not saving enough for taxes and this misallocation of resources lands you right back at the start of the cycle and once again you are stressed with a stress you are faced with a stressful tax season so there's a lot of best practices that people will tell you

about to help improve your cash flow throughout the year and you've probably heard all of these before so this could be regularly monitoring and tracking your income expenses throughout the year so you have accurate data when tax season comes around maintaining a healthy reserve of cash so you're not scrambling to cover your estimated tax payments or automating as many recurring payments and invoice processes as you can now these are all incredibly important things to do and yes you should be doing them regularly but when

it comes down to it even though we know the things we should be doing we often have a very time very hard time actually doing them so we know we should be setting aside money for taxes throughout the year but other expenses get in the way we know we should be regularly monitoring our expenses but we get bogged down in the hard work of actually running our business now the truth is most of the system that we try to put in place end up failing now we start out with the best intentions of course but the challenges of actually running a

business get in the way we don't follow through and we end up right back where we started and the reason we fail is because we don't have a simple system that works with our natural tendencies as business owners and if you truly want to change your habits you have to start out simple so I'm going to share two key things you need to do to get clear on cash flow management so the first one you want to start strategically strategic Ally allocating every dollar that comes into your business and then

you want to automate how that process takes place and I promise you once you start following the really simple process here all the other things are able to start falling in place so what do we mean when we say allocate funds we'll take you through some examples and show you exactly how to do this momentarily but at a high level you should be compartmentalizing your business funds based on how you're planning to use them that means some money will be in an operating expenses compartment and some money will be in a

taxes compartment and so on you'll be creating actual separate accounts some people like to use the idea of money envelopes to understand this to really separate your funds and finally once you have your account set up you will be managing your funds with percentage based or cash-based transfers now a very simple way to set this up with and this would apply for any business watching today um as a starting point you're going to have an income account and this is where you're going to collect all of

the funds that enter your business next you'll want a tax account where you'll keep a percentage of all of your income this is going to be a huge help when tax season comes around after that you'll keep an operating expenses account where you're going to manage all of the daily expenses of your business and finally you might want an owner compensations account because you need to be paying yourself at the end of the day if your business is a little bit larger and you have employees you may want to separate have another separate

account for payroll now with this type of setup as soon as money enters your income account you're going to allocate a portion of those funds to taxes with the remainder being split between operating expenses and owner compensation all righty now right away a few things should be happening with this type of setup first when you compartmentalize your money into separate purpose specific accounts looking at your bank balance suddenly gives you information that is actually useful next it becomes easier to stay

inside your budget because you know that only certain funds should be going to at certain expenses it also becomes easier to eyeball tax deductions especially if you create an account where you know you'll be making a lot of deductible purchases you should also have more confidence that you will not run out of cash again since you know exactly what you have allocated for which purpose and finally the reason we're all here today you end up with a faster and much easier year end because you already know which

accounts you should be looking at for which expenses so really all the things we talked about in this presentation so far tracking expenses making sure you're maximizing your deductions setting aside enough cash to take your pay your tax bill all of it becomes so much easier when you have this type of system in place and if you're wondering how to set up actually set up this type of system you can do it all yourself with relay and a little later in the presentation I'm going to share how you can get

started awesome thank you so much di for sharing all of those great tips on cash flow management so we've now talked about the role of deductions in lowering your tax bill and the role of ident of reviewing expenses and receipts to identify those so we can talk tactics now to save and prep for taxes also I put this in the chat but I did notice some questions there through deana's Section so please put those in the Q&A function so we can answer those and they don't get lost so first let's quickly

first talk about quarterly tax payments since many small business owners have to pay them and it's a bit of a misconception that taxes and tax payments only happen in tax season A good rule of thumb is that if you're owing more than $1,000 in taxes uh during your return you're likely going to need to make estimated quarterly tax payments and you know what happens if you miss a payment or you accidentally make a miscalculation unfortunately you can be hit with a penalty and according to the IRS you can expect to pay 5% of

the unpaid taxes every month if you fail to file but if you calculate correctly and you make your quarterly payments on time you may be able to file your yearend business taxes without a tax payment due and we actually have a calculator on the bench website in that same bench blog section that can help you make sure you don't over or underpay so to make sure that you have enough money to make these payments saving or setting aside 30% of your business income is a really solid rule of thumb remember what danana shared earlier that

making that separate account for tax payment savings is a great way to make sure you're covered so how do we prepare for a smooth 2024 tax filing well you commit to the regular good habits that we talked about today I do want to stress that these things take time especially at the beginning so don't plan to do all of this on one day every month that's too much to bite off and you're going to be left with a big pile in March so smaller bite-sized chunks is the best way to make sure that you complete these taas tasks regularly and

if you know yourself and that you're going to have a hard time making this a priority that is totally okay and that means it might be time to consider Outsourcing or having somebody take care of this for you it is a time to be honest and not idealistic I've spoken to thousands of business owners who come to me in March and then I don't hear from them for a year and then they have a huge mess to clean up that's going to cost thousands more than it should so get those systems in place now speaking of systems your homework

today is to make yourself a calendar so in the post webinar email we're going to be sending out a guide to help you with this basically we have glit I'm glad you love homework we've got kind of a guideline of weekly monthly or quarterly so weekly you're going to want to do rece seat capture if you have multiple transactions a week maybe do bi-weekly um we've got monthly which is going to be expense review deductions adjustments and financial statements make sure that those are up to date on that monthly

cycle and then quarterly do a cash flow statement review you know what changes could you make what challenges are you having what economic impacts are you feeling also are there any new economic impacts that you might need to be able to anticipate also if you need to make quarterly payments you can add that into your quarterly cycle and all of this will be in that uh post webinar email and if you need help we are here for you so if you're looking for personal Hands-On support to pay the least amount of taxes possible that is exactly what

we do we have a professional team doing the books for you and they'll even file your taxes if you don't yet have an accountant that you love you know we hunt down every single deduction possible so you aren't paying a dime more to the IRS then you have to you have unlimited access to your team and those are real humans employed by Ben so if you have questions on how to use your statements or make financial decisions or what deductions are available we got you and we do this for you every single month so you always have the financial

information you need to make confident business decisions having a professional double check your books is invaluable but better yet is having someone responsible for doing it for you and that is the level of support that you deserve as a business owner and you know what makes us different than other similar Solutions couple things here so we Leverage technology so it's automated and as seamless as possible we give you realtime data that that gives you a glimpse of your financial position even before month-end statements are

completed so that way you can get guidance from your finances instead of doing those books yourself you can also connect your accounts so for any relay customers here your banking data and purchases all flow into bench for our team to categorize same thing with payroll or you know if you're an eCommerce seller and you use Square stripe or you have Shopify those all directly link as well and we also offer a service called bench retro that's just dedicated to getting you caught up if you're behind we regularly help out

folks who are five to 10 years behind in their bookkeeping and taxes or who have IRS letters as well so if you have months or years of taxes to catch up on we have a team specialized in catching you up and getting this liability off your plate fast all right so a bit about relay here yes we just wanted to kind of reiterate how relay goes above and beyond the basics of banking that you might be used to so you can open up to 20 checking accounts with no fees or minimum balances so a few slides back when we were talking about setting up the four

accounts or maybe you're just interested in setting up that extra tax account you can do that easily on relay simple and for free but you can also run those automated transfers between your accounts to hit those savings goals tax goals funnel money into your operating expenses uh you can expense track with our debit cards and our receipt capture and you get some really great background data on all of your transactions so it helps out the team like bench when you're doing your month end and thenay I did want to plug relays

demo webinar we talked about how to implement something like relay but you didn't get to see the platform today so if that's something you're interested in we're going to put it a link in the chat here it is a demo we do every two weeks on what the platform looks like how to start using it and all the tips and tricks that come along with that amazing so if you feel like you can't keep up with your statements and deductions and you want to Outsource the tasks please come to us it doesn't

matter if you end up using bench we can help point you in the right direction uh and this is going to be an amazing first step in minimizing your stress especially if you haven't paid your taxes or filed for an extension or you need help meeting that deadline if we're not the right fit we will have a recommendation for you otherwise so come talk to us if you're wanting uh help now is the best time to start fresh so all attendees from today's webinar are going to get 30% off their first three months

with bench so a nice little incentive to help get you started on that right track to claim this I will drop a link in the chat here where you can both learn more and directly book a call with a member of the bench team I'm just going to pop this in right here for you perfect great we can go ahead and hop into our questions let me pull up our this is always my favorite part of a webinar is the Q&A all right let me see this here all right I see one here about bench right away so I can go ahead and give this one an

answer so from Camille uh you were asking does bench offer a dashboard so you can see this info at a glance yes so when you log into your bench account you're first going to see kind of an overview of your finances if you do hop on a call with someone from our team they're going to give you a demo of what an account looks like and also with some kind of fake data so you can see what an account is actually going to look like when you're using it but on that main page you're going to be able to see an

overview of your transactions and kind of a comparison through them as well you can also change the the date so that if you want to just see an overview but you want to see you know at a three- Monon timeline or a one-year timeline you can easily see that there as well plus there's a a messages function too uh on that main page so you can easily um check in with your bookkeeper and see what's going on there all right let me see here oh I hear this is an interesting question so I see from an anonymous

attendee how practical is it to split the accounting work and the tax work so if you already have an accounting provider isn't there a duplicate effort in having taxes done by a separate advisor this is an interesting question and I'll talk about this as more a bit more broad so bench does both uh bookkeeping and tax ta es based on your question I think you're asking you know if you already have somebody that does the bookkeeping is there a duplicate effort in getting taxes done elsewhere yes and no it

really comes down to what you're looking for at the end of the day the general con or drawback that I hear from folks is that you know a lot of the work is going to become you leasing between multiple services so you know if you've got a bookkeeper that you love but say there's a tax adviser that's in your area um that you really want work with what is going to be on your plate is that liaising work back and forth of you know bringing your books to that advisor or taking your tax advice and going back

to your bookkeeper so there's going to be a lot of you being that middle person the benefit of having it all together in one place is that you know that that workload is not on you you've got a lot to focus on running a business anyway and so doing that middle work is not always the the best way to spend your time but if there's someone who's a really Keen specialist and Tax Advisor and you already have a bookkeeper you love then sometimes it can be worth it but you do just have to know that you're

taking that onus on yourself to be that middle person between Solutions that's kind of the the main drawback of of doing something like that uh that's a also a good question about bench um someone Anonymous asked do bench suggest a methodology methodology like cash basis versus AC cruel they each use a different approach which causes issues uh from the two accountants that you've worked with in the past uh bench uses Cash basis for all of our clients and there's a reason for that generally AC cruel is only

needed in specific Industries or if you're making over 25 million in a three-year period of gross revenue so if you're consistently making like 8 mil or more per year I would say acrel would be the right method for you to use because that's going to be needed by the IRS or if you're in specific Industries like fing for example where you're having to do a lot of appreciation a lot of sale of assets bringing on new assets then that is going to be um something that will require acrel otherwise Cash basis

is really a simple way to do those books and it's also kind of the IRS standard you know seeing when the revenue hits the account seeing when the expenses leave it makes it really simple for you to understand where that money is going how much you actually have like I say acrel is good for certain industries and certain situations based on your Revenue but generally and for all of the like 13,000 clients that we have at bench we do use cash method for everyone so if you have had multiple accountants suggest different things in the past it

could be what that accountant was used to um but generally I find that some accountants default to using a cruel but it is a much more complicated and for a lot of people needlessly complicated situation to use right let me see what else else we've got in here oh uh will we be emailed a recording of this meeting I'd love to have it as a reference we definitely have the post webinar email going out do we include a a recording in that email di I know from the relay end we usually do and I can see in the chat yes there

will be a recording fantastic perfect okay we've got another question here do those who do taxes through personal taxes so Soul prop or single member LLC you have to make quarterly payments too that's a good question and I will default back to I am not a Tax Advisor because a lot of different situations might be at play I have heard that you know for certain industries or for certain situations or if you're trying to set yourself up for a particular future for your business then quarterly payments might be good to get

started right away generally that rule of thumb is if you're paying more than $1,000 in your taxes um that that is going to be the right way for you to do it is by using quarterly tax estimates in general quarterly taxes are essentially just a breakdown of that payment so that you know you're not sending out easy math is like you're not you're not doing $40,000 in payments at the end of the year you get to break that down into a quarterly $10,000 so with that in mind it would just depend on how much you're generally paying in

taxes and what your Tax Advisor is suggesting to you so if you have an adviser or you have somebody that really knows the and outs of the IRS and quarterly taxes I'd recommend asking them that question regarding business owners comp what difference does it make if the comp is in a W2 or 1099 or vice versa this also it depends on your corporate structure so for example one that I know well because I I talk about this with business owners all the time is if you are an S corporation the IRS uh way to do it is to put yourself on payroll as a

W2 employee you have to be showing and breaking that out it's the standard way to do it and it's uh the way that you have to be doing that as an es Corp so the Nuance of your question here is it does depend on your corporate structure um for example soulle proprietorships the standard way to do it is actually you're able to just transfer money from the business account to your personal account that's going to be an owner draw and that is a more than okay way to pay yourself as a sole proprietor as an

escorp you need to put yourself on payroll as a and generally for Partnerships and uh C Corps as well you want to put yourself on payroll but it does depend on your your corporate structure so there is a bit of nuance there there is uh I know there's a a Blog on our bench website that is like how to pay yourself depending on your corporate structure so I'd recommend go to bench.

co I believe it's blog and if you look up um at the top I believe we have a bunch of headers on different categories of blog articles and one of them is how to pay yourself so I'd recommend taking a look there and seeing based on your corporate structure and situation a general guideline of how to pay yourself how much do you recommend to put aside for taxes each month the guideline there is about 30% of your overall Revenue that's going to be a good rule of thumb that way when it comes to your tax bill it might be a bit less it might be a bit more but at least

you have a really solid amount saved so about 30% what else do we have here what is the difference between your offerings and a solution such as wave it's been a while since I've looked into wave but I believe wave is something that is more along the lines of a kind of looking at the expenses that are coming in and out of your account and it's more of a expense and um Revenue tracker so it's going to be showing you what you're getting showing you what is going out but what bench is doing differently is that we have that human

element as well and we are back actively bookkeeping for you so it's something that we are going to be able to look at what's coming in look at what's going out and then taking that and creating deductions and adjustments for you so an easy thing is something like you know Merchant adjustments if you're working with something like square or Shopify those little payments that you make to Shopify or that anything is kind of taken out at the top we are actually going to be able to separate those and

make sure that those are being tax deductible in your overall uh return so with that in mind we're we're essentially making sure that we're lowering your overall liability using those deductions against your overall um income and lowering that overall income so that you're taxed on a lower amount that's basically the the difference between us and something like wave there are those cheaper Solutions out there um that are going to be just that simple automation or that are going to be you

know just using something like AI to just be categorizing things in the background but there's no human element there at the end of day and so that is a major major piece of bench is that we are going to have that human touch throughout you can book a call with your bookkeeper if you're on with taxes we have CPAs EAS tax attorneys that are there as our advisors and you can hop on those calls at an unlimited basis to be able to strategize for your next year so not only are you getting those deductions but you're able to strategize

if there's even more deductions that could be useful for you that aren't even on your plate yet question for Relay will relay be set up for zel in the future we hope so but it's not something on the road back today awesome thank you uh oh question about bench for are you available to Canadians unfortunately at this time we are only able to do bookkeeping for businesses that are Lo that are registered in the US so if you're a Canadian but you have a business registered in the US that's fine but if your business in is

registered in Canada we won't be able to do that work for you there is a service called ankle n Keel that is similar to what we do but is located in Canada um also to keep in mind a lot of what we've mentioned today is very IRS specific the CRA is a completely different Beast entirely so I would double check with any bookkeeper you have about anything that we've talked about today and how that would be applicable for Canada um relay though are you available to Canadians no we are the exact same setup

Leela uh you have to be a us registered business in order to use relay awesome thanks Diana all right this is Paula as a small startup freelance copyrighting business carrying a loss from prior year you don't think you can pay yourself anything yet is there a downside to that decision that's a good question this I like that you provided me some context here this would be a question for more of a Tax Advisor my feeling on your question again me not being a tax advisor I want to make that very very clear but um if you are carrying a loss

and you don't feel like you can pay yourself anything yet especially as a soulle proprietor my guess would be that that's an okay decision in general what's going to flag to the IRS more is if you are you know heavily paying yourself where you are carrying that loss so my gauge is that what you're choosing to do is probably a good decision but that being said I would definitely double check that with someone who who knows the ins and outs of the IRS and knows those laws a bit closer to what it is going to be best

for your situation all right what is the ideal size of a small business to benefit from your service what would you advise for a small consultancy with one person for example I'll be honest uh we have the complete gamut in terms of our clients we have some clients that are like a oneperson Consulting business we've got a lot of folks who are you know a oneperson photography business or a oneperson e-commerce business but then we have that all the way to folks who are making 2 three four million a year

in Revenue we work with the smallest Soul prop to the biggest C Corp really the folks who enjoy working with us the most are folks who have you know banks that link up with what we do you know who have maybe a couple things to link up well we work really well with e-commerce businesses or those smaller businesses like consultancies or um photographers anything like that where you are generally you know if you want to have that sort of tech Focus if you want to just be able to have one place you log in you can see everything all in

one place you have the option to hop on a call if you want but you also have the opportunity to just be connecting over message via email your messages feed booking that call when you want to or not it's really that choice that thing about going to someone locally is that you know the drawback there is that you often have to get in person or it can be hard to get in touch with folks as well if you know they're one person with a ton of clients whereas bench there's usually always going to be someone that

you can get in touch with so it really depends on what you value in a bookkeeping service but that being said you know we are actually now the the largest bookkeeping and tax company in North America in terms of our company uh our customer base um and a service that provides a um bookkeeping to our clients directly so with that in mind we are really able to run that gamut and there's a lot of people that appreciate the service for a total variance of reasons and so if you're even slightly interested in seeing what we do I would

recommend taking a look at that link that we popped in the chat and we'll send it through in that email after the webinar as well so that you can get a better idea of what it is that we do see that dashboard and and take a look at what we offer all right is there anything in the chat oh I just started all the separate bank accounts and started with 4% to the tax account with a goal of 15% should you bump that up this month and aim to get 30% quickly I think you're referring to putting 30% of your income away into

a tax account which is what we recommended um with a goal of 15% if you have that goal of 15% then the downside of that just could be that at the end of the year maybe you get a higher tax bill than you were originally expecting and so you're suddenly going to have to pull a bunch of money together in you know a couple of weeks or a month that's why we do recommend that 30% is just to make sure that you're you know as close to a higher end of what you might have to put away and then that way you can always just have

extra money if you don't actually have to pay that amount in taxes but if you have 15% in that account you know based on your situation it could make sense to keep it that way that being said if you just want to be on the safe side of things that is why we recommend 30 all right we've got one more question we can wrap it up maybe after this question and this one is for Relay so does relay give separate debit cards for the additional accounts so with a business account on relay you can have up to 50 debit cards if you really

wanted we do virtual and physical but when you are creating each account if you want to do the five account roll out that we talked about today um no a debit card does not come automatically with each account you can create them whenever you need them awesome cool well that is basically the end of our time here so to wrap things up thank you so much for showing up you know we mentioned at the beginning of this webinar but talking about bookkeeping talking about taxes especially in May when so much of this feels like oh it should be done and off

our minds we know that as business owners bookkeeping ATT tax is never off of your minds much as we wish it was um and same with finances and cash flow management it's something that we have to be thinking about every single day so as a good Baseline setting yourself up with those bank accounts is going to be the best way to do it we'll send you those resources on relay and then for for those bookkeeping and tax services a really good idea is to just book a call with bench see how it goes as we say if

we're not a good fit for you we will have other recommendations of where you can go next so with all of that in mind hope you all have a wonderful rest of your day and that you found some value in what we were able to deliver today bye everyone bye everybody thank you so much