

Experts Weigh In: What have you learned about taxes since starting your small business?

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Last week we talked about the [most hated small business taxes among small business owners](#). This week, we're asking our small business experts what they've learned about taxes since opening up shop. These were our ten favorite answers:



1. "As a mobile pet sitting business, one of my favorite write-offs is mileage. Most people forget to keep track of their miles and just guess, but often they are getting less credit than they should. I keep a notebook in my car to keep track of mileage, then when I get home at the end of the day I transfer it to a spreadsheet. This way I have all my mileage ready for tax time, and have it in both paper and digital form." -Chris Herath, [Atlantic Pet Sitting](#)

2. "Since starting my own business, and as a bankruptcy attorney assisting other business owners for the last 7 years, I can tell you that taxes should be at the top of every business owners list. The IRS is more likely to audit businesses so record keeping should be paramount. If you are deducting mileage, for example, the IRS regulations require you to keep a log in your vehicle and enter the miles driven. However, if you charge your mileage as an expense to your business, no such log is necessary. Meeting with a CPA or attorney before you develop your operating budget will help you understand these complex nuances of the IRS. For better record keeping on a monthly basis, I understand that hiring a bookkeeper is often costly and Quickbooks is time consuming, expensive and for some not user-friendly. I recommend at the very least keeping a monthly profit and loss statement so keeping up with your taxes is easier for you and your CPA. Remember, the small business can be a tax shelter if you use the regulations properly." -Christine M. Magee, [McKee & Magee PLLC](#)

3. "As a small business owner, the tax code incentives are significant compared to an employee working for a corporation who gets few breaks. When a small business follows the rules, there are many tax benefits. Almost any expense can be deductible given the right situation. For example, almost any travel is deductible if related to a business, and the number one deduction people overlook is the home office deduction. What most people do not realize is that the government designed the tax code to reward business owners and investors who fuel money into the economy. The United States government tax laws reinforce desired behavior, which includes adding jobs, building affordable housing and useful buildings, and producing food and energy." -Tom Wheelwright, [ProVisionWealth](#)

4. "Hire a professional to prepare your tax returns for the first year or two, or until you are comfortable preparing them on your own. This is the number one mistake that gets businesses in so much trouble; by the time they find out or realize a problem exists, it is too late. At a minimum, hire a professional the first year so they can educate you on what expenses are allowable, how to categorize them, what to depreciate and how quickly, and advise you on common credits you may be eligible for." -Jessie Seaman at [Tax Defense Network, LLC](#)

5. "When calculating your home office tax deduction, include the width of your walls, measured to the exterior of your room. It probably adds like .25% to your home office tax deduction or so, but every little bit helps, right? It's all fair and legal within the IRS's rules too..." -Dan Stelter, [Dan Stelter Copywriting & SEO Consulting](#)

6. "I've learned it pays in both savings and future heartache to learn the basics from day one. Starting with choosing the right entity for your business and working with a legitimate yet aggressive CPA. Also keep accurate books using some of the latest online bookkeeping software. Save all receipts and write down relevant info on the front. Such as who the lunch meeting was with, etc. Scan and digitize these records because receipts fade after a few years and you must maintain tax records for longer. That's the tip of the iceberg." -Taylor Murray, [Call Tools](#)
7. "Throughout the years of owning a business I learned a lot about small business taxes and deductions. My favorite tax deduction is the auto expense. Driving my own car to pick up and drop off inventory was a huge hassle. When I learned I can lease a van and deduct all of that in my taxes I was ecstatic! I can keep my car nice and clean and drive a roomier van that can hold twice as much inventory as my own car." -Lisa Chu, [Black n Bianco](#)
8. "I've realized that I can write off my cell phone expense since a majority of its usage is for the business. I've also found that claiming mileage rather than actual car expenses is more beneficial for my current business. I keep a mileage log in my personal car so that I remember to write down all my business travel in my personal vehicle and will have accurate records if I'm ever audited. Finally, it helps to keep a listing of all petty cash expenses. So often I used to forget to claim small petty cash expenses until I realized how quickly they add up. Ultimately, I've learned that a little organization along the way helps in a major way in the long run." -Matt Watson, [Adjunct SEM](#)
9. "The biggest tip I have regarding taxes is to hire a bookkeeper to update whatever accounting program your firm uses. Depending on the size of your small business, they can arrive at a business weekly, bi-weekly, or monthly. Small business owners are best left to work with clients, vs. do their own bookkeeping. Have the bookkeeper leave you with printed reports that will help you see where your money is going and look at the sales tax, income numbers, and employment taxes for accuracy. It's so much easier to catch mistakes (yours or theirs!) when you look at the reports often. And your accountant or CPA can then take a copy of your file at year end to do your taxes, too." - Maria Marsala, [Elevating Your Business](#)
10. "One of the things I learned when starting my small business (and switching from w2 income to self-employed income): Federal self-employment tax is killer. If you're a W2 employee you never see this tax but if you are self-employed then it's 15.3%. That's on top of your normal income tax. Yikes." - Mike Scanlin, [Born To Sell](#)