

FINANCE

4 THINGS YOU CAN DO TO GET YOUR BUSINESS READY FOR TAX SEASON

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WE'RE COMING CLOSE TO THE END OF 2023. THIS IS THE BEST TIME TO GET THIS YEAR'S FINANCIALS IN ORDER. SO, WHAT SHOULD YOU DO TO PREPARE YOUR BUSINESS TO FILE ITS TAX RETURN? HERE IS YOUR SIMPLE TO-DO LIST TO HELP YOU GET READY.

GET YOUR BOOKKEEPING IN ORDER.

This includes categorizing transactions, reconciling bank and credit card accounts and producing financial statements. Taking these steps will help to ensure that your financial reporting is accurate.

While categorizing your expenses, include start-up costs, materials needed to provide your goods or services (cost of goods sold), office supplies, rent, insurance, advertising, interest expenses, travel, salaries and employee benefits.

Make sure to list any assets you bought over the year — equipment, vehicles, computers and things of the sort. It is important to include any improvements you've made to your assets.

All outstanding loan obligations and any loans that have been forgiven over the calendar year such as PPP should be included in your reporting.

COMPILE A LIST OF INDEPENDENT CONTRACTORS WHO NEED TO BE ISSUED A 1099

You will need to file tax forms showing a record of all independent contractors employed by your company. Make sure to have a completed W9 for each of them. You will need to file form 1099-NEC with the IRS for any independent contractor who you paid at least \$600 during the calendar year.

Additionally, you will need to issue and file W2s with the IRS for each employee on your company payroll.

Make sure you have all the necessary information from your employees and contractors required to fill out and submit these forms.

SET ASIDE MONEY TO PAY YOUR TAXES

If you are not sure how much you will need to pay in taxes, a safe amount would be 30% of profits. It would be a great idea to keep this sum in a separate savings account so that you are prepared when it comes time to pay your tax bill.



FIND A TAX PREPARER

The longer you wait, the harder it will be to find a tax preparer with availability to sort out your financial records. Time delays can make it costly to complete your tax compliance in a timely manner.

Have your preparer explain the type of business taxes that your company will be subject to paying over the course of the year.

For example, your company may be subject to income taxes, self-employment taxes, employment taxes, sales and excise taxes. These are just a few of the top items on the list.

Preparing in advance for the upcoming tax season will make finalizing and filing your tax returns seamless and will allow you to forecast for 2024. □

Sandra Lazar graduated Brooklyn college in 1995. She has served as a CFO in a variety of businesses for the past 25 years.