



10

mistakes
SMALL BUSINESSES
make with their
TAXES



10 Mistakes Small Businesses Make With Their Taxes

This checklist is a great resource for small business owners. We all make mistakes, especially when tax season comes around. This checklist will help you avoid making some of the most common mistakes when doing your company taxes, so you don't end up overpaying or receiving an IRS audit.

- Misreporting your income:** The IRS uses a computer database to match what you report and what has already been reported to them. Make sure they match!
- Under and overreporting income:** it might seem appealing to underreport and pay less in taxes, or overreport and feel better about your income levels. Don't do either! You'll either end up paying more than you owe, or the IRS will find out you are underreported and you will be in for a world of problems.
- Mixing business and personal finances:** maintain a separate account and credit card for business expenses versus personal ones. This will make it much easier to track deductible expenses versus personal ones.
- Not doing any tax planning:** consider working with an accountant or tax professional that can help you with your tax planning. If you plan ahead, it'll be much less stressful and you'll make far fewer mistakes.
- Overlooking the home office deduction:** If you work from home and are eligible for a home office tax deduction, make sure you take it. Just don't abuse it!
- Not Claiming a mileage deduction:** if you are driving a personal car for work purposes, make sure you keep a record of miles in order to receive a mileage deduction.
- Disregarding Business Startup Expenses:** make sure you keep track of business startup costs in your first year of business. You may be able to deduct startup costs to help your business get off to a good start.
- Not contributing enough to your retirement plan:** try to save 10-20% of your income per year into your retirement plan. These contributions are pre-tax, saving you a lot of money in the long run.



- Filing Taxes Late:** If you don't think you can make the deadline, ask for a filing extension. If granted, make sure you file before the extension ends.
- Putting Off Taxes Until the Last Minute:** Rushing to file at the last minute is a recipe for disaster. You'll make countless mistakes, and be more stressed than you need to be. Take the time to plan ahead, and get your taxes finalized at least a few days prior to the deadline (we recommend 2-4 weeks).