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Small Business Tax Planning Guide

The five moves that separate business owners who plan from those who just file.

1. Get Your Entity Structure Right

→ **Your entity determines your tax bill.** Sole proprietors pay self-employment tax on every dollar of profit. An S-Corp election can change that math significantly once profits are consistent.

→ **The S-Corp question is about timing, not just savings.** Elect too early and payroll costs eat the benefit. Too late and you've overpaid for years.

→ **An S-Corp requires paying yourself a reasonable salary.** Set it too low and the IRS notices. This is where professional guidance pays for itself.

→ **Review your structure annually.** The right answer at $40K of profit is often the wrong answer at $150K.

2. Master Quarterly Estimated Taxes

→ **Four deadlines: April 15, June 15, September 15, January 15.** Miss them and you owe underpayment penalties — even if you pay in full at filing.

→ **Use the safe harbor.** Pay 100% of last year's tax (110% if your income was over $150K) and you avoid penalties no matter what this year brings.

→ **Set aside a percentage of every deposit.** A separate tax savings account, funded automatically, means April is never a crisis.

→ **Recalculate mid-year.** If your income jumped, your Q3 and Q4 payments should too.

3. Capture Every Deduction You've Earned

→ **Home office, vehicle, and mileage** — legitimate, valuable, and only defensible with records kept as you go, not reconstructed in April.

→ **Retirement contributions cut taxes twice.** A SEP-IRA or Solo 401(k) lowers this year's bill while building your future.

→ **Equipment purchases can be deducted faster.** Section 179 and bonus depreciation let you write off qualifying purchases now instead of over years.

→ **Don't forget the QBI deduction.** Many pass-through owners can deduct up to 20% of qualified business income — but the rules around it are exactly where planning matters.

4. Keep Records That Survive an Audit

→ **Separate accounts, always.** Mixing business and personal is the fastest way to lose deductions and credibility with the IRS.

→ **Every deduction needs a paper trail.** Receipts, invoices, mileage logs — digital copies are fine, missing copies are not.

→ **Reconcile monthly, not annually.** Clean books each month means tax season is a formality, not an archaeology project.

→ **Document the "why" on unusual expenses.** A note today beats an explanation you can't remember in three years.

5. Make Year-End Moves Before December 31

→ **Timing is a tool.** Deferring income or accelerating expenses in December can shift your tax bill meaningfully — but only if you act before the year closes.

→ **Buy needed equipment before year-end** to capture the deduction this year instead of next.

→ **Open retirement plans by their deadlines.** Some plans must exist before December 31 even if you fund them later.

→ **Do a November tax projection.** Knowing your number in November leaves time to change it. Finding out in April doesn't.

Ready to Go From Checklist to Action?

These principles apply to every business. How they apply to YOUR numbers is where the real savings live. That's what we do.

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