

# TAX CREDITS & PREPARATION

## BASICS OF TAXATION



### SOFTWARE TO USE:

Turbo Tax from Intuit for Small businesses



### BASIC EQUATION:

Revenues - Expenses = Profits

The IRS uses rates that determine the higher your profits are the higher percentage you pay as tax.



### DEDUCTIBLE BUSINESS EXPENSE:

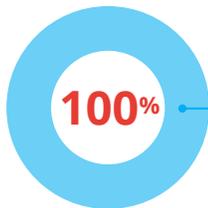
What it is and what it is not.



### IRS AUDITING

Record keeping will save you from audits.

SAVE RECORDS FOR  
**6-8 YEARS**



## Business Structure

Travel expenses are 100% deductible. These include airfare, hotel, rental cars, valet, taxi, trains, and tolls.

-Entrepreneur.com

### S CORPORATION

Don't pay as much medicare & social security taxes on yourself

### C CORPORATION

Corporation has a lower maximum tax bracket than the S-corporation

SOLE PROPRIETORSHIPS

PARTNERSHIPS

LIMITED LIABILITY COMPANY (LLC)

## DEPRECIATION

**Definition:** *Decrease in value due to wear and tear, decay, decline in price, etc.*

**AN ITEM THAT WILL HAVE VALUE TO THE BUSINESS FOR SEVERAL YEARS (DESK, COPIER, CAR, OR REAL ESTATE) WILL NEED TO BE DEPRECIATED OVER FUTURE YEARS.**