

Got Business Questions? SCORE Has Answers

By Willy Campbell

Keep Accurate Records to Avoid Tax Stress

April 15 is behind us...but one thing that changes when you become a small business owner is the “luxury” of paying taxes only on April 15. Depending on your location and type of business, you may have to pay one or more commercial and revenue taxes several times a year. If you keep good records, you can eliminate the worry and complications of these filings. The key is to create a recordkeeping system that is consistent, organized and comprehensive.

Today, accounting software makes sense for even the smallest businesses to record and reconcile transactions. Whether you use a manual or computerized system, your goal is the ability to document your business activity for tax purposes as well as to develop a picture of how your business is doing at any time. All funds passing through the business should be documented in your business checkbook and logged into the general ledger, which serves as the master record of your business’s financial transactions.

Deposit and enter all cash and check receipts into this business account and post all expenditures through it. This ensures that all incoming and outgoing funds associated with the business are properly documented. If you do not have a business name, open the bank account in your name as a business account.

A petty cash box can take care of advances for small day-to-day expenses such as parking or postage. However, you should limit the number of employees who can dispense these funds. Require signed receipts for any use of petty cash.

Make sure that you maintain on your calendar all deadlines for filing returns and making payments on state, local and federal taxes. In some instances a late return or payment can invoke very serious penalties! The IRS can provide additional pointers to help make your tax preparation less complicated. Downloadable forms, publications and other resources are available at www.irs.gov. Similarly North Carolina offers appropriate information and tax forms at www.dornc.com/business.

If you would like to discuss business taxes and recordkeeping, or other business issues, contact SCORE “Counselors to America’s Small Business”. SCORE is a nationwide nonprofit association of expert business counselors who provide free and confidential business counseling to small business owners. The Sandhills Chapter is very active in counseling, mentoring and presenting free business seminars and can be contacted via the web at www.sandhillsscore.org or at 910-692-3926.

Remember – send your business questions to me at www.info@sandhillsscore.org and don't forget to provide a way to contact you. I may not be able to answer all of them in this column but every one will receive a personal answer from one of our Sandhills SCORE counselors!