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Tax Strategies for Business Owners Fact Sheet

Guidelines to Remember

1. If you expect a profit this year, create legitimate deductions for this year
2. If you expect a loss this year, defer deductions until next year
3. Only create deductions your income can absorb

Strategies for Profitable Years

1. Purchase business equipment and software
2. Write off bad debt, if your business works on an accrual basis
3. Consider a new fiscal year election
4. Charge deductible business expenses on (certain) credit cards before the end of the year
5. Cut checks before year end
6. Defer invoices until the end of the year
7. Set up a retirement plan
8. Make charitable donations with cash gifts
9. Look into charitable donations of property with increases with value over time

Strategies for Non-Profitable Years

1. Postpone business purchases
2. Bill customers up front
3. If you own more than one business, offset profits with losses

Strategies for the Long Haul

1. Form a business entity
2. Consider limited partnerships
3. Gifts for succession planning

Please refer to the article, Tax Strategies for Business Owners for further explanation of tips listed here.

Neither the information in this fact sheet nor the related article constitutes legal advice. If you are a business owner seeking tax strategies or have a question about a particular tax issue, please contact the Richards Rodriguez & Skeith LLP law firm at 512-476-0005 or info@rrsfirm.com.