



Tax Tips For Small Business Owners

(NAPSA)—Small businesses play a big role in the U.S. economy. That's the word from the U.S. Small Business Administration, which reports that the U.S. is home to over 28 million small businesses.

A growing number of small business owners are preparing their own business' taxes. It makes sense given they know their business better than anyone else and because of the affordable tax products available online and as downloadable software.

What's your business type?

When choosing an online or downloadable tax solution, remember to select the product appropriate for your business type:

- Partnerships and multi-member LLCs must file tax Form 1065.
- S corporations file Form 1120S.
- C corporations need to file Form 1120.
- Self-employed, sole proprietors and single-member LLCs need to file Form 1040 and Schedule C.

Also, keep in mind that you can generally use online products risk-free because payment isn't usually required until you file. Remember to compare brands and features carefully, since a higher price doesn't necessarily mean a better product.

Tax-savings tips

- If you use your home for your business, you may be able to deduct mortgage interest, insurance, utilities, repairs and depreciation.

Corporations and partnerships can deduct actual expenses for nonpersonal uses of your personal vehicle, as well as reimbursements to employees for business use of their personal vehicles. You can also deduct vehicle depreciation and loan interest.

- You should be able to substantiate any expenses you claim on your tax return. So whenever buying new equipment, technology, software or even furniture for your business, save those receipts and keep detailed records that include purchase price and date placed into service.

The Section 179 deduction limit for new and used assets pur-



If you own a small business, you're in an ideal position to do your business' taxes with DIY solutions.

chased in 2013 is \$500,000. However, your business must be profitable in order to receive this benefit on your tax year 2013 return. In 2014, the dollar limit drops to \$25,000 unless Congress extends this tax break.

Bonus depreciation of 50 percent of the cost of new items expires at the end of 2013. Depreciation can be claimed whether or not your business is profitable.

- Company donations of money, supplies and property are deductible expenses. So are bonuses and associated payroll taxes awarded to your employees, partners and officers. If you own an S corporation, keep a close eye on officer compensation to ensure that you meet IRS requirements and thus avoid penalties.

- If you take a class or seminar or attend a convention that helps you maintain or improve skills required for your business, you can generally deduct the costs.

Year-round opportunities

Remember, if you are a small business owner, your business has year-round tax savings opportunities. Doing your own taxes can help you be better informed about deductible expenses, and how moving revenue and expenses forward or back may change your taxes.

Said TaxACT spokesperson Jessi Dolmage, "Answer simple questions about business income and expenses and the program will do the rest. It'll complete your tax forms and cover every deduction and credit to maximize your bottom line."

Visit www.irs.gov for more business tax tips and www.taxact.com to learn about TaxACT Small Business solutions.