



# **YEAR-END TIPS TO PUT YOUR FINANCIAL HOUSE IN ORDER**

PROVIDED BY

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# 1

## GET YOUR BUSINESS FINANCIAL HOUSE IN ORDER.

Even if you are months behind, gather all of your receipts and bank and credit card statements, and enter your transactions into your accounting system. No accounting system? Then just use an Excel spreadsheet or even go as old-school as pen and paper for now. You'll have to do this for tax season anyway, and doing it now gives you insight into what year-end actions will be most beneficial for you.

It's December, which means it's time again for web designers, freelancers, and small business owners to take some important year-end financial actions that can make a difference in your businesses...and in your stress levels. Here are 7 ideas you can use now to save money on this year's taxes plus get a jump on next year.

# 2

## DETERMINE WHAT YOU CAN SPEND MONEY ON NOW, TO GET ADDITIONAL TAX DEDUCTIONS.

Does your business need any new equipment, like a computer or printer? How about software? Have you been waiting to buy those premium plugins, WebDesign.com training, or the Web Designer's ToolKit? If so, the end of the year is a great time to work in these expenses.

For those of you without an accounting system, this is also great time to buy QuickBooks or Quicken for next year, and get the tax deduction this year. And consider picking up next year's office supplies in December. If you're a cash-based taxpayer (rather than accrual based), you can also prepay things like office rent or business insurance premiums for next year, and get the tax deduction this year.



# 3

## USE YOUR CREDIT CARDS FOR PURCHASES

Did you know that anything you purchase on a credit card is deductible in the year it is charged, and not the year you pay for it? (Exception: store revolving charge accounts.) Make those purchases in December, get the tax deductions, and not pay until next year. The same thing goes for checks that are mailed this year. Mail them a few days before the end of the year, and they still count in this year even though they are not cashed until next year. Just remember not to go so overboard that you create a different financial challenge for yourself.

# 4

## DETERMINE HOW MUCH TO PAY YOURSELF FOR THIS YEAR

If you've been taking money out of your business all year to support yourself, now is the time (if you haven't done this already), to determine how much of this is salary, and how much is owner draw. Remember that the IRS does not look kindly upon business owners that take all draw and no salary.

So figure out how much is salary, and make sure to pay all payroll taxes that are owed before year end. (And next year, remember to do this quarterly with your estimated tax payments.)

# 5

## DEFER INCOME UNTIL NEXT YEAR

If you're a cash-based taxpayer, deferring income means you'll pay taxes on it next year instead of this year, and unless you think you'll be in a much higher tax bracket next year (and hurray for you if you do), it's a good idea. Think about who can pay you next year rather than this year, and wait to send them an invoice until the end of this year or next year so you don't get paid until next year.

# 6

## SET UP A RETIREMENT PLAN DESIGNED FOR THE SELF-EMPLOYED.

A great way to save money AND reduce your taxable income is by setting up a retirement plan. For self-employed folks in the United States, there are several choices, including a solo 401K, a SEP IRA, and a SIMPLE IRA, and with these you can shelter up to \$49,000. If you Google “self-employed retirement plans” you will find plenty of information to help you get started.

# 7

## START NOW TO PLAN FOR NEXT YEAR

There are many things you can do now to set yourself up for a great financial year next year.

Create a financial budget and a marketing plan so you know now how you want to grow your business. Review your expenditures for this past year so you know what you can cut back on (the latest technology?) and what you should spend more money on (marketing?).

Get an accounting system so you can keep track of your financial information. Most of all, vow that next year will be the year that you will become financially literate and once and for all master the financial information you need to support your business.





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# THANKS FOR READING!

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