

Time and Money-Saving Tips for Small Business Owners



As the end of the year approaches many positive events will begin to transpire such as family occasions and holidays. During this time of year taxes are usually the last thing that people want to think about, but this can be one of the most important times of year to make a strategic tax decision.

If you have a proprietorship, there are three important things to think about:

1. Income projections and estimated tax payments.

If you expect greater or lesser income than projections set forth earlier in the year, you can adjust your tax planning by adjusting your last quarter's estimated tax payment.

Example: You earned \$50,000 net income but you estimated that you would you would earn \$75,000 net income in the current year. You have an extra \$25,000 that is being calculated within your estimated tax payments; this figure should be adjusted down so that you do not overpay your taxes.

2. Business planning.

If you have business capital free for movement, you can take advantage of business expenses within the current year by obtaining assets that may be helpful in future business activities.

Example: You have \$50,000 of gross income from your business but you are looking to expand your business or make renovations to your business in the future. It might be beneficial to take advantage of the tax benefit of purchasing business items within the current year to reduce your business's income liability. This could be the purchase of assets like computers, office place improvements (ex. water heater), or office supplies.

3. Big picture thinking.

As you think about the prior two areas, a related question comes to mind: how you would like to spend your money (whether it is derived from revising amounts due on your estimated tax payments or from another source of revenue)? Would you like to utilize your money to improve your business performance, make capital improvements or enjoy additional cash flow? As the end of the year approaches, it is a good time to revisit your goals for the year.

The simple ideas presented here can mean the difference between thousands of dollars in savings that could have been spent on business improvements or on income that is put towards holiday cheer.

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