

# TAX CALENDAR



## Year End Checklist

- Close out your annual accounting books by posting all transactions and reconciling your bank statements.
- Look through your transactions to see if they are categorized correctly.
- Write off inventory that is of no use.
- Write off any uncollectible Accounts Receivables.
- Review your transactions for eligible deductions like a home office, mileage, and other business expenses.
- Review your retirement plan contributions and plan last deposit before filing tax return.
- Run annual Profit and Loss Statement and Balance Sheet to present to your tax preparer.

### January

- 15** Estimated tax payments prior year Q4 due
- Make note of your current year beginning inventory balance.

### February

- 1** Prepare and send W-2's for employees
- 1** Prepare and send 1099-NEC for independent contractors

### March

- 15** Partnership Tax Return, Form 1065 due. Provide all owners with K-1.
- 15** S-Corporation Tax Return, Form 1120S due. Provide all owners with K-1.
- 15** File to Convert to a S-Corporation, Form 2553, by this date

### April

- 15** Sole Proprietor, Schedule C filed with personal tax return, Form 1040
- 15** C-Corporation Tax Return, Form 1120 due
- 15** Estimated tax payments due

### May

### June

- 15** Estimated tax payments due

### July

### August

- Schedule a time to meet with an SBDC advisor to look for efficiencies in your accounting & bookkeeping practices.

**Schedule**

### September

- 15** Partnership and S Corporations Extension due
- 15** Estimated tax payments due

### October

- 15** Sole Proprietor or C-Corporation Extension due

### November

### December

- Write off inventory that cannot be sold and uncollectable Accounts Receivables.
- Make note of ending inventory balances
- Total your annual inventory purchased



# BUSINESS TAX GUIDE



## Federal income

Most businesses do not pay income tax because they are pass through entities. (One exception is C-corporations.)

if you are not an employee of the company, then every dollar you make is taxed for self employment tax (social security and Medicare tax) at 15.3%.

In addition to this, you will have to pay income tax based on your individual income tax bracket.

For example if you are a sole proprietor in the 10% tax bracket and In 2021 you had \$50,000 in revenue, and \$40,000 in expenses then you have a taxable income of \$10,000.

This means you would need to pay about \$1530 in self employment taxes and \$1000 in income taxes (this is not exact due to some other tax deductions, but this example keeps things simple).

## Federal income, continued

This gives you a total tax owed of \$2530 for the year. If you are making this amount evenly through the year, then once a quarter you would need to make estimated tax payment of \$632 ( $2530 / 4$ ). When you complete your 1040 tax return then you would reconcile what you paid vs the amount of taxes owed.

Here are the forms you'll need:

- Sole prop: schedule C as part of 1040 tax return
- Partnership: form 1065
- S corporation: 1120S
- C corporation: 1120

## Federal Payroll

If you have employees, even if you are the only employee of the business, the business must pay payroll taxes. Payroll taxes include social security and Medicare taxes, federal income tax withholding, and federal unemployment tax.

There are two parts to this: the amount you are sending in as an employer, and the amount you are withholding from your employee's paycheck.

Payroll taxes must be deposited either monthly or semi-weekly. You can determine which schedule your business needs to follow by going to the IRS small business web site. If you are using a payroll service, they will take care of filing and sending in these tax payments for you.

You also must file a 941 payroll return once a quarter and file a 940 once a year.

## To-Do List

- Add your payroll tax and sales tax payment due dates from page one to your calendar.
- Assess your bookkeeping and accounting processes



# BUSINESS TAX GUIDE



## Tips

### State

Any business that is taxed as a C-corporation must file a corporate tax return, and there are estimated payments like there are at the federal level.

Other entities pay quarterly estimated tax payments (just like federal) on income. Virginia employee tax withholding needs to be paid quarterly, monthly, or semi-weekly, depending on the average monthly tax owed.

You'll also have to file a form VA-6 by January 31 each year, along with copies of each employee's W-2.

The Virginia Unemployment Tax Act is required for any business that has employees. To file and pay, you must first register your business with the Virginia Employment Commission (you can register for this on iFile). These taxes are filed each quarter by filing form VEC FC 20/21.

### Sales Tax

If you are selling tangible property, meaning something you can hold in your hand vs services (and not including real property like real estate) you need to be registered in the sales tax system to collect sales tax.

The tax in this area of Virginia is the 5.3%, but it's different in other areas.

This is another tax that can be paid through the iFile system.

The retail sales tax return and payment must be made by the 20th day of the month for the preceding month's gross receipts. Even if you sold \$0 of product, you'll need to file.

If you travel the state selling you will also need to keep track of which jurisdiction you made the sale and report it when reporting your sales tax. Even if you are selling wholesale, you need to register for this tax.

### Local

Your annual business license fees are going to be based on your previous year's income. Check with the local Commissioner of Revenue's office to make sure you file on time.

Any tangible property (machinery, tools, furniture, computers) owned by your business must be listed on a tangible personal property form your business receives each January.

If you are operating a food, beverage business you will need to register and collect meals tax by jurisdiction. So, if you operate a food truck in different areas, it's different for each jurisdiction. This is on top of collecting sales tax. You would register at the commissioner of revenue office

If you are in the lodging or entertainment business, you'll need to register at the Commissioner of the Revenue for those taxes.

- As the end of the year approaches every business should to look at how their tax situation will be at the end of the year. If you are looking at having a loss for the year, then you might hold off on any purchases until the next year. If you are looking to have a large profit then you might consider purchasing equipment that you might need so you can write it off for the year.
- Also, if you plan to pay bonuses, be sure those are paid in December and not January.
- If you have some obsolete inventory, then you might want to write it off.
- Contributing to a retirement program is another way to reduce your tax burden.

