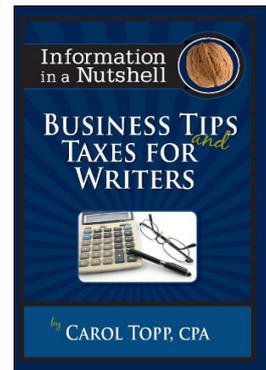


Business Tips for Writers and Publishers

by
Carol Topp, CPA
TaxesForWriters.com



Business Structure

Sole Proprietorship (single family house)
Partnership (duplex)
Corporation (apartment)

LLC: Limited Liability Company: Not a tax structure. Called a “disregarded entity” by the IRS. More like an insurance policy. LLC status limits protects your personal assets by limiting liability to your business assets.

Hobby writing is like sleeping in your car-not desirable! All hobby income is taxable, but most expenses are not deductible.

Business Start Up

When does a business start? A contract is signed, your first book is sold, you are paid or you spend money in pursuit of profit. *You are in business before you make money!*
Save up and deduct startup expenses in the year you begin your business.

Names and Numbers

Doing Business As (DBA) name registration needed if you do business under a name other than your own (i.e. for a publishing company).
Employer Identification Number (EIN) from IRS.gov (free)
Sales Tax Registration Application, sometimes called Vendors License or Resellers Permit.

Easy Record Keeping

Use a separate checking account. Seed it with startup money from your personal checking account. Then pay yourself back when you have profit. This “loan” and repayment are not taxable transactions.
Do not mix personal and business transactions. Take money out of the business account for personal use and call it “Owners Draw.” This money is not a business tax deduction.

Software

Quicken or Mint.com (personal money management)
QuickBooks, GnuCash (free) or Wave Accounting: Vital if you keep inventory
Freshbooks.com and Go Daddy Bookkeeping (formerly Outright) do not track inventory.
*** Free recordkeeping spreadsheet at <http://TaxesforWriters.com>



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Contact Carol Topp, CPA for a business consultation or virtual writer’s group visit at Carol@TaxesForWriters.com

Twitter @CarolTopp

LinkedIn: Carol Topp CPA

Pinterest: Carol Topp

Google Plus +Carol Topp

Facebook: Business Tips and Taxes for Writers