

Business Tips for Writers, Authors and Self- Publishers

Carol Topp, CPA
Business of Writing International Summit 2014



I'm a corporation!

It's what my lawyer and CPA set up.

First time self-publisher author of memoir

Business Structures

**Sole
Proprietorship**
(single family house)



Partnership
(duplex)



Corporation
(apartment building)



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**Limited
Liability
Company
LLC**



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**Business
Structures**



Hobby Writing



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Hobby Writing

All hobby income is taxable
but
most hobby expenses are
not deductible

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IRS Factors in determining business motive

1. Profit motive or personal pleasure
2. Business like manner

You want to look like a business!
The IRS wants you to look like a hobby!

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IRS Factors in determining business motive

3. Expertise
4. Time and effort
5. Prior success
6. History of income
7. Occasional profit
8. Other sources of income

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When does a business start?

- Contract is signed
- First book sold
- You are paid
- **You spend money in pursuit of profit**



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You are in business
before you make money!!



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"I've had years of expenses I never claimed as a business expense?"

Now what?

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Save up expenses and deduct them as

Start Up expenses

In the year you begin your business

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Names and Numbers



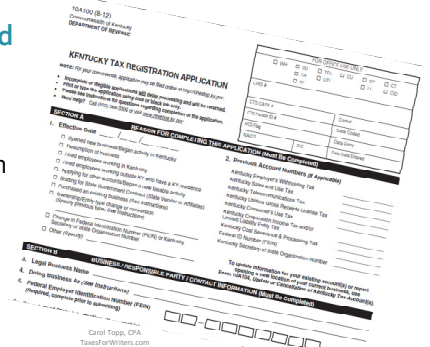
DBA
Doing Business
As name
registration

EIN
Employer
Identification
Number

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Names and Numbers

Sales tax
registration
KY Form
10A100



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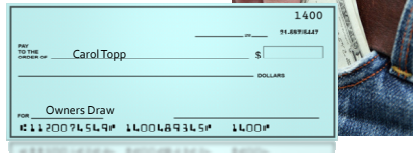
Easy record keeping for people who hate numbers



Use a separate checking account



Use "Owners Draw" for personal expenses



SmallBusinessBookkeeping.xls - OpenOffice.org Calc

	B	C	D	E	F	G	H	I	J
1	Month	Income	Advertising	Office Supplies	Postage	Meals	Total Expenses	Purchased Inventory	Miles
2	January	\$250.00	\$52.00	\$12.00	\$55.00	\$8.50	\$87.00	\$0.00	18
3	February	\$1,200.00	\$75.00	\$0.00	\$0.00		\$75.00	\$500.00	10
4	March	\$1,650.00	\$50.00	\$150.00	\$150.00		\$350.00	\$0.00	65
5									
6	Total	\$3,100.00	\$177.00	\$162.00	\$205.00	\$8.50	\$512.00	\$500.00	93
7									

January / February / March / Summary

Software



Ace Money Lite is free

Software



Freshbooks and Go Daddy (formerly Outright) do not track inventory)

QuickBooks
Profit and Loss

- Writing & Speaking Income
 - Book Sales
 - Writing & Speaking Income - Other
 - Total Writing & Speaking Income
- Total Income
- Cost of Goods Sold
 - Cost of Goods Sold
 - Book Purchases
 - Freight charges
 - Other COGS Expenses
 - Cost of Goods Sold - Other
 - Total Cost of Goods Sold
- Total COGS
- Gross Profit

QuickBooks
Profit and Loss

- Expense
 - Advertising
 - Bank Service Charges
 - Contract Labor
 - Dues and Subscriptions
 - Gifts
 - Insurance
 - Licenses and Permits
 - Miscellaneous
 - Office Supplies
 - Postage and Delivery
 - Professional Development
 - Professional Fees
 - Reimbursable Expenses
 - Rent space
 - Taxes
 - Travel & Ent
 - Total Expense
- Net Ordinary Income

Tax Tips



IRS doesn't email

Software can lie to you

Tax prep DIY? Get it
checked by a CPA every 3
years

Resources

TaxesForWriters.com

Book: *Business Tips and Taxes for
Writers*



Phone consultation

Writers group virtual visit

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