



Communications & Liaison
STAKEHOLDER LIAISON

IRS Webinar: *What You Need to Know as a Small Business*



Leslie Chambers
Senior Stakeholder Liaison
IRS Communications & Liaison

Richard Furlong, Jr
Senior Stakeholder Liaison
IRS Communications & Liaison

SCORE Bucks County Chapter

April 4, 2023



Objectives

- **Issue Management Resolution System**
- **Estimated Tax Payments & Avoiding Estimate Tax Penalties**
- **Worker Classification: Employee v. Independent Contractor**
- **Basic Recordkeeping for Tax Purposes**
- **Choosing a Tax Preparer & Avoiding Ghost Preparers**
- **IRS Virtual Small Business Tax Workshop**
- **IRS Small Business Resources on [irs.gov](https://www.irs.gov)**



What is Issue Management Resolution System (IMRS)?

- Provides mechanism for raising concerns
 - IRS policies, practices and procedures
 - Systemic problems
- Facilitates issue identification, resolution and feedback





Pay As You Go So, You Won't Owe:

A Guide to Estimated Taxes and Ways to Avoid the Estimated Tax Penalty



Taxes are pay-as-you-go

- **Steady increase in penalties over the last several years, almost 40%**
- **Check into your options to avoid the penalties and a large tax bill when you file**
- **Pay As You Go, So You Won't Owe page can help**
- **Helps avoid large bill, potential interest and penalties**



Estimated Tax Payments

- **Use estimated tax payments:**
- for income not subject to withholding or
- if you do not have enough withholding from salary, pension or other income
- **Pay estimated taxes based on your expected earning for income and self-employment tax:**
- Use prior year return as a guide
- Form 1040-ES, worksheet



Estimated Tax Due Dates

Estimated tax payments are due as follows:

- January 1 to March 31 payment is due April 15*
- April 1 to May 31 payment is due June 15
- June 1 to August 31 payment is due September 15*
- September 1 to December 31 payment is due January 15 of the next year

Visit [IRS.gov/payments](https://www.irs.gov/payments) to view payment options



Avoiding the Estimated Tax Penalty

In general, you will not have to pay a penalty if you owe less than \$1,000 in tax or your total tax payments and credits for the year are:

- At least 90% of the tax for the current year
- 100% of the tax shown on your return for the prior year (can increase to 110%, based on AGI)

Use Form 2210, Underpayment of Estimated Tax by Individuals, Estates and Trusts, to see if you owe a penalty



General Information

Learn more on [IRS.gov](https://www.irs.gov):

- Pay As You Go So You Won't Owe
- Tax Withholding
- Estimated Taxes
- Sharing Economy Tax Center
- Self-Employment Tax, Social Security and Medicare Taxes
- Self-Employed Individuals Tax Center
- Filing and Paying Your Business Taxes



Worker Classification: Employee or Independent Contractor?



Basic Definitions

- **Employee - Individual who performs services for you who is subject to your control regarding what will be done AND how it will be done.**
- **Independent Contractor - Individual who performs services for you – but you control only the work result.**



Employee vs Independent Contractor

Categories of Evidence:

1. Behavioral control
2. Financial control
3. Type of relationship of the parties



Behavioral Control

- When?
- Where?
- How?

Financial Control

- Profit/Loss; Assumes Risk
- Materials/Tools
- Reimbursed Expenses
- Termination
- Pay – Flat Fee, Salary, worker or workers

Relationship of the Parties

- Integration of workers services into the business
- Continued Relationship
- Agreements – Not Subcontractor Agreements

Full-Time vs. Part-Time

Workers cannot determine their status



1099 Issues

Business should have vendors complete Form W-9 before working on any job Form not necessary if information is secured

- Not sure when vendor will be paid \$600 or more
- Don't have to find vendor to get Employer Identification Number (EIN)

No Form 1099 necessary

- If payments are \$599 or less
- Payments made for supplies
- Corporations

Backup Withholding

- No 1099 Filed by Employer
- No EIN for Vendor
- 24% in Backup Withholding Tax Assessed



Communications & Liaison
STAKEHOLDER LIAISON

Better Business Through Better Records



- **Invoices**
- **Receipts**
- **Payroll**
- **Sales**
- **Canceled checks**



- **Same recordkeeping requirements**
- **Saves time & money**



Business Bank Account

- **Establish separate business account**
- **Reconcile account regularly**
- **Retain deposit information and receipts**
- **Use business account for all business transactions**



- **Establish separate business account**
- **Reconcile account regularly**
- **Retain deposit information and receipts**
- **Use business account for all business transactions**



Expenses/Purchases

- **Canceled checks**
- **Cash register tapes**
- **Account statements**
- **Credit card sales slips**
- **Invoices**
- **Petty cash slips for small cash payments**



- **Specific employment tax records**
- **Maintain for four years**
- **Resources**
 - Publication 15
 - Publication 225
 - IRS.gov, Search keyword “Recordkeeping”



Choosing a Paid Tax Return Preparer – Avoid “Ghost Preparers”



- **Unlimited representation rights:**
 - **Attorneys**
 - **Certified Public Accountants (CPA)**
 - **Enrolled Agents (EA)**
 - **PTIN required**



Non-credentialed Return Preparers

Two types:

- **IRS issues Annual Filing Season Program (ASFP) Record of Completion**
 - Limited representation rights
 - Continuing education requirement
 - PTIN required
- **Doesn't participate in the AFSP**
 - May preparer and file tax returns
 - No representation rights before the IRS
 - PTIN required



IRS Directory of Federal Tax Return Preparers

Directory of Federal Tax Return Preparers with Credentials and Select Qualifications



Anyone with a Preparer Tax Identification Number (PTIN) can prepare a tax return for a client. However, tax return preparers have differing levels of skills, education and expertise. This searchable directory is intended to help you with your choice by providing a listing of preparers in your area who currently hold professional credentials recognized by the IRS or who hold an Annual Filing Season Program Record of Completion.

[Understanding Tax Return Preparer Credentials and Qualifications](#) can help you learn more about the different types of tax professionals.

For more guidance on making this important choice, see [Need someone to prepare your tax return?](#)

This directory is updated regularly and is current as of **01/31/2019**. It may take up to four weeks after the IRS receives an update for a tax return preparer's information to be added or revised in the directory.

Search for Tax Return Preparers

Use this tool to research tax return preparers near you or to determine the type of credentials or qualifications held by a specific tax professional. All tax return preparers are not in this directory. This directory contains only those with a PTIN who hold a professional credential or have obtained an Annual Filing Season Program Record of Completion from the IRS.

Country

United States

[Zip Code](#)

[Distance](#)

5 Miles

Last Name (For use for Small Businesses of the last name for a search result.)

Credentials/Other (check all that apply or none if no preference)

More Information

Ensure you know and understand the different types of credentials and qualifications.

Credentials:

- > Attorney Credential
- > Certified Public Accountant Credential
- > Enrolled Agent Credential
- > Enrolled Actuary Credential
- > Enrolled Retirement Plan Agent Credential

Other Qualification:

- > Annual Filing Season Program Participant

Related Links

- > Directory User Guide
- > Directory Accessibility Guide



Review Tax Return

- **Never sign a blank return**
- **Verify the accuracy of the return before you sign it**
- **Verify the refund is going directly to the client – not to the preparer’s bank account**
- **Review the routing and bank account number on the completed return**
- **Get a copy of the completed tax return**
- **You are legally responsible for all the information on your tax return**



Don't be a victim to a 'ghost' tax return preparer

- A “ghost” preparer is paid to prepare a tax return and does not sign it
- Tax return appears self-prepared

Ghost preparers may also:

- Require payment in cash and not provide a receipt.
- Invent income to erroneously qualify their clients for tax credits or claim fake deductions to boost their refunds.
- Direct refunds into their own bank account rather than the taxpayer's account.



Ensure the Preparer Signs

- **By law, paid preparers:**
 - **must sign returns they preparer and**
 - **include their Preparer Tax Identification Number (PTIN)**
 - **All paid preparers must have a PTIN issued by the IRS**



Make a Complaint about a Tax Return Preparer

- **Taxpayers can report abusive tax preparers to the IRS:**
 - **Use Form 14157, Complaint: Tax Return Preparer**
- **If a taxpayer suspects a tax preparer filed or changed their tax return without their consent:**
 - **Use both Form 14157 and Form 14157-A, Tax Return Preparer Fraud or Misconduct Affidavit**



Choosing a Tax Professional

[Home](#) / [Tax Pros](#) / Choosing a Tax Professional

Need someone to prepare your tax return?

[English](#) | [Español](#) | [中文\(简体\)](#) | [中文\(繁體\)](#) | [한국어](#) | [Русский](#) | [Tiếng Việt](#) | [Kreyòl ayisyen](#)

Enrolled Agents

Annual Filing Season Program Participants

Enrolled Retirement Plan Agents

Certified Professional Employer Organization (CPEO)

Enrolled Actuaries

E-File Providers

Modernized e-File

There are various types of tax return preparers, including certified public accountants, enrolled agents, attorneys, and many others who don't have a professional credential. You expect your preparer to be skilled in tax preparation and to accurately file your income tax return. You trust him or her with your most personal information. They know about your marriage, your income, your children and your social security numbers – the details of your financial life.

Most tax return preparers provide outstanding and professional tax service. However, each year, some taxpayers are hurt financially because they choose the wrong tax return preparer. Be sure to check our [tips for choosing a tax preparer](#) and how to [avoid unethical "ghost" return preparers](#).

What kind of tax preparer do I need?

Anyone can be a paid tax return preparer as long as they have an IRS Preparer Tax Identification Number (PTIN). However, tax return preparers have differing levels of skills, education and expertise.

Learn about tax preparer [credentials and qualifications](#). Watch [Choose a Tax Preparer Wisely](#). Get information on the [Volunteer Income Tax Assistance \(VITA\)](#) program.

How can I check a tax preparer's credentials?

Our [Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#) can help you find preparers in your area who currently hold professional credentials recognized by the IRS, or who hold an Annual Filing Season Program Record of Completion. You can also check the [professional organizations](#) many tax preparers belong to.



How to Use the Tax Return Preparer Directory



- **IRS.gov - Search Keywords:**
 - **“Choose paid tax preparer”**
 - **“Ghost preparer”**
 - **“Directory of Federal Tax Return Preparers”**
 - **“Third party authorization purpose”**
 - **“Report suspected tax fraud”**
- **Form 14157, Complaint: Tax Return Preparer**
- **Form 14157-A, Return Preparer Fraud or Misconduct Affidavit**



Small Business Tax Workshop Overview



- Virtual Workshop has updated content, enhanced navigation and interactive features

[Small Business Tax Workshop](http://www.irs.gov/sbworkshop)
(www.irs.gov/sbworkshop)



Lesson 2 - Schedule C and other small business taxes



🏠 [Small Business Tax Workshop](#)

[Overview](#)

[Qualified Business Income \(Section 199A\) Deduction](#)

[Completing Schedule C Part 1](#)

[Gross Receipts and Returns & Allowances](#)

[Cost of goods sold](#)

[Gross Profit and Gross Income](#)

[Bartering](#)

[Completing Schedule C Part II, Expenses](#)

[Car and Truck Expense](#)

[Depreciation](#)

[Tax Cut and Jobs Act of 2017 - Changes to Expensing and Depreciation](#)

[Legal and Professional Services and Office Expenses](#)

[Supplies](#)

[Travel, Meals, and Entertainment](#)

[Net Profit or Loss](#)

[Possible Deductions on Form 1040](#)

[Deducting Start-up Costs](#)

[Self-Employment and Estimated Tax](#)

[Review](#)





Update your website with new URL:

<https://www.irsvideos.gov/Business/SBTW>

New features

- Transcripts available for entire presentation
- Customize, only view lessons you need

Interactive features

- Share a link
- Bookmarks
- References



Communications & Liaison
STAKEHOLDER LIAISON

IRS Resources for Small Business Owners



Small Business and Self-Employed Tax Center – [IRS.gov/smallbiz](https://www.irs.gov/smallbiz)

English [Español](#) | [中文\(简体\)](#) | [中文\(繁體\)](#) | [한국어](#) | [Русский](#) | [Tiếng Việt](#) | [Kreyòl ayisyen](#)

Individuals

Businesses and Self-Employed

Small Business and Self-Employed

Employer ID Numbers

Business Taxes

Reporting Information Returns

Self-Employed

Starting a Business

Operating a Business

Closing a Business

Industries/Professions

Small Business Events

Online Learning

Large Business

What You'll Find Here

Resources for taxpayers who file Form 1040 or 1040-SR, Schedules C, E, F or Form 2106, as well as small businesses with assets under \$10 million.

Most Popular

- [Employer ID Numbers \(EINs\)](#)
- [Forms and Publications](#)
- [Self-Employment Taxes](#)
- [E-file Employment Taxes](#)



IRS Small Business Self-Employed Tax Center YouTube Video

Information For

- [Self-Employed](#)
- [Independent Contractor or Employee](#)
- [Business Structure](#)
- [Businesses with Employees](#)
- [Industries/Professions](#)

Preparing Your Taxes

- [Business Tax Credits](#)
- [Deducting Expenses](#)
- [Recordkeeping](#)
- [Employment Taxes](#)

Filing/Paying Taxes

- [Filing and Paying Your Business Taxes](#)
- [IRS Tax Calendar for Businesses and Self-Employed](#)
- [Filing Past Due Tax Returns](#)
- [Information Return Reporting](#)
- [Calculate Your Employment Taxes](#)





Gig Economy Tax Center

English | [Español](#) | [中文\(简体\)](#) | [中文\(繁體\)](#) | [한국어](#) | [Русский](#) | [Tiếng Việt](#) | [Kreyòl ayisyen](#)

Individuals

Businesses and Self-Employed

Small Business and Self-Employed

Employer ID Numbers

Business Taxes

Reporting Information Returns

Self-Employed

Starting a Business

Operating a Business

Closing a Business

Industries/Professions

Small Business Events

Online Learning

What is the Gig Economy?

The gig economy—also called sharing economy or access economy—is activity where people earn income providing on-demand work, services or goods. Often, it’s through a digital platform like an app or website.

Gig Economy Income is Taxable

You must report income earned from the gig economy on a tax return, even if the income is:

- From part-time, temporary or side work
- Not reported on an information return—like a Form 1099-K, 1099-MISC, W-2 or other income statement
- Paid in any form, including cash, property, goods, or virtual currency

What to Do

Gig Workers

Find forms, keep records, deduct expenses, file and pay taxes for your gig work.

[Manage Taxes for Your Gig Work](#)



Your Taxes in the Sharing Economy YouTube Video

Digital Platforms and Businesses

Classify workers, report payments, pay and file taxes for a digital marketplace or business.

[Manage Taxes for a Digital Platform](#)



IRS Videos/Webinars for Businesses

[IRSVideos.gov/business](https://www.irs.gov/business)



- Individuals
- Businesses**
- Tax Professionals
- Governments
- Charities & Non-Profits
- Multilingual

- Taxpayer First Act
- Affordable Care Act
- Bank Secrecy Act
- Business Expenses
- Business Income
- Changing Your Business
- Disaster Information
- Employers
- Filing and Paying Taxes
- IRS Audits
- IRS Liens
- Post-Filing Issues
- Resources
- Retirement Plans
- Scams and Fraud
- Starting a Business
- Small Business Tax Workshop

Information for Businesses

Use the buttons on the left to view all presentations in a specific category





Recommended Reading for Small Businesses

A comprehensive list of helpful publications for small businesses. Most are available to browse online. All may be downloaded in Adobe PDF format and printed.

Publication	Description
Publication 15	Publication 15, (Circular E), Employer's Tax Guide
Publication 334	Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)
Publication 463	Travel, Entertainment, Gift, and Car Expenses
Publication 505	Tax Withholding and Estimated Tax
Publication 535	Business Expenses
Publication 583	Starting a Business and Keeping Records
Publication 587	Business Use of Your Home (Including Use by Day-Care Providers)
Publication 966	EFTPS – The Secure Way to Pay Your Taxes
Publication 1635	Understanding Your EIN - Employer Identification Numbers
Publication 1779	Independent Contractor or Employee





[IRS.gov/help/languages](https://www.irs.gov/help/languages)

Languages

- Interactive Tax Assistant
- Tools
- Report Phishing
- Fraud/Scams
- Notices and Letters
- Appeals
- Frequently Asked Questions
- Accessibility
- Contact an International IRS Office
- Tax Topics
- Other Languages



We know that tax information can be hard to understand in any language. It can be even harder if that information isn't offered in the language you know best. We're translating our tax resources into more languages. Until we do, we're offering basic tax information in these twenty languages.

Choose from the languages listed below to get the information you need to pay your taxes and file a federal tax return.

- | | | | |
|--------------------------|---------------------------|-------------------------|--------------------------------|
| Español | 中文 (繁體) | 中文 (简体) | Tiếng Việt |
| 한국어 | русский | العربية | kreyòl ayisyen |
| Tagalog | Português | Polski | فارسی |
| Français | 日本語 | ગુજરાતી | ਪੰਜਾਬੀ |
| இலங்கை | اردو | বাংলা | Italiano |
| English | | | |



Subscribe to e-News for Small Businesses and Follow IRS on Social Media

e-News for Small Businesses is a free electronic mail service designed to provide tax information for small business owners and self-employed individuals.

Sign-up and you will receive information about:

- ✓ Important upcoming tax dates for SB/SE customers
- ✓ What's new for small businesses on the IRS website
- ✓ Reminders and tips to assist small businesses/self-employed with tax compliance
- ✓ IRS News Releases and special IRS announcements that pertain to SB/SE customers

Connect with the IRS on **Social Media**: IRS2Go mobile app, Twitter, YouTube and more. Get tax updates and information.



Espanol



Espanol



Multilingual



1040 and Schedules

1-3

Individual Tax Return

Other 1040 Schedules

Information About the Other Schedules Filed With

Form 2290

Heavy Highway Vehicle Use Tax Return

Search Forms & Instructions



IRS Extends Filing Deadline

Individuals now have until May 17



Third Economic Impact Payments

Check Status in the Get My Payment Tool



Recovery Rebate Credit

You may qualify if you didn't get a payment



Get Your Refund Faster

File electronically and choose direct deposit



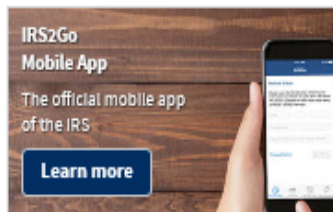
IRS Free File Open Now

Free File helps you do your taxes online for free



A Closer Look

NEW: IRS employees help others during COVID



[#IRS](#) strongly urges taxpayers to not file amended returns related to the new legislative provisions in the American Rescue Plan Act until the agency issues additional guidance.
<https://t.co/mgDlwUGRwj>
[#COVIDreliefIRS](https://twitter.com/TIZobMCfko)
[pic.twitter.com/TIZobMCfko](https://twitter.com/TIZobMCfko)

— IRSnews (@IRSnews) March 18, 2021



IRS Tax Calendar

A white smartphone is shown lying on a dark wood-grain surface. The screen is dark and unlit.

*All you need to
keep up with your
tax due dates...*

Install the IRS tax calendar
for businesses and
self-employed.

www.irs.gov/taxcalendar

The IRS logo is located in the bottom left corner of the smartphone image area.



IRS Social Media on IRS.gov

Connect with the IRS

The IRS uses social media tools to share the latest information on tax changes, scam alerts, initiatives, products and services. Connect with the IRS through the following social media tools.

IRS2Go

Get quick access to IRS social media, sign up for helpful tax tips, check your tax refund status and make a payment — all with the [IRS2Go mobile app](#). IRS2Go is available in both English and Spanish for Android and iOS mobile devices.

YouTube

Tune in to the IRS YouTube channels. You can watch short, informative videos in English, American Sign Language and Spanish.

Twitter

IRS tweets include various announcements, scam alert and news for tax professionals. Available in English and Spanish.

Facebook



The IRS Facebook pages post useful information for general public in English and Spanish tax professionals.

LinkedIn

The IRS LinkedIn page posts important tax information, updates, and announcements from the IRS.

Instagram



The IRS Instagram account will share taxpayer-friendly information on a variety of topics to help people Get Ready for the tax season and to navigate tax law changes.

IRS2Go

- [IRS2GoApp](#)

YouTube



- [IRS Videos](#)
- [IRS Videos ASL](#)
- [IRS Videos Multilingual](#)
- [Taxpayer Advocate](#)

Twitter

- [@IRSnews](#)
- [@IRStaxpros](#)
- [@IRSenESpanol](#)
- [@RecruitmentIRS](#)
- [@YourVoiceAtIRS](#)
- [@IRStaxsecurity](#)
- [@IRSsmallbiz](#)

Facebook

- [IRS](#)
- [IRS en Español](#)
- [IRS Tax Pros](#)
- [Taxpayer Advocate](#)

How do you connect to Social Media?



What's your Favorite Twitter account?



Are You Signed Up for e-News?

IRS.gov navigation: Home / News / e-News Subscriptions

e-News Subscriptions

Topics in the News

- News Releases
- Multimedia Center
- Tax Relief in Disaster Situations
- Tax Reform
- Taxpayer First Act
- Tax Scams/Consumer Alerts
- The Tax Gap
- Fact Sheets
- IRS Tax Tips
- e-News Subscriptions
- IRS Guidance
- Media Contacts
- IRS Statements and Announcements

The IRS offers several e-News subscriptions on a variety of tax topics. Below are links and information about subscribing.

When you subscribe, you will receive a confirmation message by email. Remember, you must respond to this email to verify your subscription. You can easily [unsubscribe](#) from any of the offerings.

News Releases, Tax Law Updates and General Tax Information

- IRS Tax Tips
- IRS Newswire
- IRS Guidewire
- IRS News in Spanish (Noticias del IRS en Español)
- Alerts from Office of Professional Responsibility (OPR)
- Tax Statistics

Tax Professionals and IRS Partners

- e-News for Tax Professionals
- IRS Outreach Connection

Outreach Connection: Get free tax content to share with your staff, clients, customers or colleagues.

IRS2Go Mobile App: Get our mobile app and stay connected with the IRS. [Download now](#)

Language selector: English **Spanish**

← in English

IRS.gov navigation: Ayuda | Noticias | Español | Organizaciones caritativas y sin fines de lucro | Profesionales de impuestos

Suscripciones a noticias electrónicas

El IRS ofrece varias suscripciones a noticias electrónicas sobre una variedad de temas de impuestos. A continuación se encuentran enlaces e información sobre la suscripción.

Cuando se suscribe, recibirá un mensaje de confirmación por correo electrónico. Recuerde que debe responder a ese correo electrónico para verificar su suscripción. Puede [cancelar](#) su suscripción fácilmente.

Notas de prensa, actualizaciones de la ley tributaria e información tributaria general

- Consejos Tributarios (IRS Tax Tips)
- IRS Newswire
- IRS Guidewire
- Noticias del IRS en Español
- Alertas de la Oficina de Responsabilidad Profesional (OPR, por sus siglas en inglés)
- Estadísticas tributarias

Profesionales de impuestos y socios de IRS

- Noticias electrónicas para profesionales de impuestos
- Conexión de alcance del IRS

Conexión de alcance: Obtenga contenido de impuestos gratis para compartir con su personal, clientes, o colegas.

Aplicación Móvil IRS2Go: Obtenga nuestra aplicación móvil y manténgase conectado con el IRS. [Descargue ahora](#)

Language selector: English | **Español**

in Spanish →

IRS.gov – keyword: e-News



How do you connect?

Outreach Connection – Online

The screenshot shows the IRS Outreach Connection page. At the top, there is a navigation bar with links for File, Pay, Refunds, Credits & Deductions, and Forms & Instructions, along with a search bar. Below the navigation bar, the page title is "Outreach Connection". On the left side, there is a sidebar menu with various categories: Topics in the News, News Releases, Multimedia Center, Tax Relief in Disaster Situations, Tax Reform, Taxpayer First Act, Tax Scams/Consumer Alerts, The Tax Gap, Fact Sheets, IRS Tax Tips, e-News Subscriptions, IRS Guidance, Media Contacts, and IRS Statements and Announcements. The main content area is titled "Free tax content you can share" and includes a sub-section "Find information tailored for:" with three columns: "Individuals", "Businesses", and "Tax Exempt Entities". Each column has a representative image and a brief description of the resources available. At the bottom of the page, there is a link to "Tax Professionals" for more information.

- Latest news releases and tax tips
- Articles on a variety of topics
- Links to various resources
- Other helpful publications

IRS.gov – keywords: *outreach connection*



IRS2Go

IRS2Go allows you to check your **refund**, make a **payment**, find free tax filing **help** and get helpful **tax tips**—all from your mobile device.

www.irs.gov/irs2Go





IRS Careers

- IRS Hiring
- Benefits
- Virtual and in-person events
- www.jobs.irs.gov
- www.usajobs.gov
- www.irs.usajobs.gov





Employee Expectations

- Why work for the IRS
- Equal Opportunity Employer
- Employment Criteria
- IRS Career Information Sessions
- Great Training Opportunities





Summary

- **Pay As You Go So You Won't Owe**
- **Keep good records**
- **Avoid “ghost preparers”**
- **Navigate IRS.gov**
- **Engage in many languages**
- **Access the latest IRS news tax tips and resources**
- **Stay in the know with IRS e-subscriptions**
- **Follow IRS on social media & share IRS messages with your followers**



Thank You!

Contact :

Leslie Chambers
IRS Senior Stakeholder Liaison

Phone: 267-941-6245
email: Leslie.a.Chambers@irs.gov

Contact :

Richard Furlong
IRS Senior Stakeholder Liaison

Phone: 267-941-6343
Email: richard.g.furlong@irs.gov

QUESTIONS?





A Guide to Starting a Small Business

This Small Business Guide is intended to provide quick references about Federal tax considerations when opening and running a small business.



TABLE OF CONTENTS

- Business Types1
- Information About.1
- Stages of Owning and Running a Business1
- Preparing Taxes.2
- Filing/Paying Taxes2
- Tax Information, Tools and Resources for Businesses and Self-Employed . .2
- Online Learning Products3
- General Topics3
- Helpful List of Downloadable Publications3
- Forms and Instructions5
- For Further Online Information6

Business Types

When beginning a business, a taxpayer must decide what form of business entity to establish. The type of business entity impacts which income, employment tax and information returns to file. Legal and tax considerations help select the best business structure.

The most common forms of business are:

- **Sole Proprietorship** – Someone who owns an unincorporated business by themselves.
- **Partnership** – A relationship existing between two or more persons who join to carry on a trade or business.
- **Corporation** – A legal entity that's separate and distinct from its owners.
- **S Corporation** – Corporations that elect to pass corporate income, losses, deductions and credits through to their shareholders for federal tax purposes.
- **Limited Liability Company or LLC** – A business structure allowed by state statute whereby the members of the company cannot be held personally liable for the company's debts or liabilities.

Information About

Resources for taxpayers who file Form 1040 or 1040-SR, Schedules C, E, F or Form 2106, small businesses with assets under \$10 million, as well as employment tax returns and information returns include:

- **Self-Employed Individuals Tax Center**
- **Independent Contractor or Employee**
- **Business Structures**
- **Businesses with Employees**

Stages of Owning and Running a Business

Listed below are links to basic federal tax information when starting and operating a business. The list is not all-inclusive. Other steps may be appropriate for a specific type of business.

- **Starting a Business**
- **Is it a Business or a Hobby?**
- **Operating a Business**
- **Closing a Business**
- **Address changes**
- **Business Name Change**

Preparing Taxes

Good records will help monitor the progress of the business, prepare financial statements, identify sources of income, keep track of deductible expenses, keep track of basis in property, prepare tax and information returns and support items reported on the tax and information returns.

- [Business Tax Credits](#)
- [Deducting Business Expenses](#)
- [Recordkeeping](#)
- [Tax Withholding for Individuals Employment Taxes](#)
- [Income Tax Withholding Assistant for Employers](#)
- [Excise Taxes](#)
- [Gift Taxes](#)

Filing/Paying Taxes

Following are some links to information about filing and paying business taxes.

- [Filing and Paying Your Business Taxes](#)
- [IRS Tax Calendar for Businesses and Self-Employed](#)
- [Filing Past Due Tax Returns](#)
- [Information Return Reporting](#)
- [Employment Taxes](#)
- [Income Tax Withholding](#)
- [Estimated Taxes](#)
- [Order Forms Online](#)
- [Electronic Federal Tax Payment System \(EFTPS\)](#)

Tax Information, Tools and Resources for Businesses and Self-Employed

- [Employer ID Numbers \(EINs\)](#)
- [Forms and Publications](#)
- [Understanding Employment Taxes](#)
- [Self-Employment Taxes](#)
- [e-File Employment Tax Forms](#) – e-file any of the following employment tax forms: 940, 941, 943, 944 and 945.
- [Foreign Account Tax Compliance Act \(FATCA\)](#)
- [Work Opportunity Tax Credit](#)

Online Learning Products

- [IRS Video Portal](#)
- [Small Business Events](#)
- [Online Learning & Educational Products](#)
- [Small Business Tax Workshop](#)
- [Subscribe to e-News](#)
- [Webinars for Small Businesses](#)
- [Tax Cuts and Jobs Act \(TCJA\) Training Materials](#)

General Topics

- [A-Z Index for Business](#)
- [Affordable Care Act \(ACA\)](#)
- [Gig Economy \(Sharing Economy\)](#)
- [Report of Foreign Bank and Financial Accounts \(FBAR\)](#)
- [Retirement Plans for Small Entities and Self-employed](#)
- [Tax Reform Provisions that Affect Businesses](#)

Helpful List of Downloadable Publications

- [Publication 15, Circular E, Employer's Tax Guide](#)
- [Publication 15-A, Employer's Supplemental Tax Guide](#)
- [Publication 15-B, Employer's Tax Guide to Fringe Benefits](#)
- [Publication 51, Circular A, Agricultural Employer's Tax Guide](#)
- [Publication 80, Circular SS, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands](#)
- [Publication 334, Tax Guide for Small Business](#)
- [Publication 505, Tax Withholding and Estimated Tax](#)
- [Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities](#)
- [Publication 517, Social Security and Other Information for Members of the Clergy & Religious Workers](#)
- [Publication 531, Reporting Tip Income](#)
- [Publication 583, Starting a Business and Keeping Records](#)
- [Publication 926, Household Employer's Tax Guide](#)

- **Publication 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration**
- **Publication 966, Electronic Federal Tax Payment System (A Guide to Getting Started)**
- **Publication 1281, Backup Withholding for Missing and Incorrect Name/TIN(s) (Including instructions for reading tape cartridges and CD/DVD Formats)**
- **Publication 1635, Understanding Your EIN**
- **Publication 1779, Independent Contractor or Employee**
- **Publication 1779, Independent Contractor or Employee (Spanish Version)**
- **Publication 1976, Do You Qualify for Relief under Section 530?**
- **Publication 3114, Compliance Check, Audit, Examination, or Review?**
- **Publication 3144 – Tips on Tips (A Guide to Tip Income Reporting) for Employer**
- **Publication 3148 – Tips on Tips (A Guide to Tip Income Reporting)**
- **Publication 3148 (SP) Reporting your Tip Income, Spanish**
- **Publication 3953, Q&A's About Tax Court Proceedings for Determination of Employment Status Under IRC Section 7436**
- **Publication 4902 – Tax Tips for the Cosmetology and Barber Industry**
- **Publication 4902 (SP) – Tax Tips for the Cosmetology and Barber Industry, Spanish**
- **Publication 4902 (VN) – Tax Tips for the Cosmetology and Barber Industry, Vietnamese**
- **Publication 4932 – Gaming Industry Tip Compliance Agreement (GITCA)**
- **Publication 4936 – Your Guide to Maintaining and Complying with GITCA**
- **Publication 4985 – Gaming Industry Tip Compliance Agreement – for Tipped Employees**
- **Publication 4985 (SP) – Gaming Industry Tip Compliance Agreement – for Tipped Employees – Spanish Version**
- **Publication 5111 – Gaming Industry Tip Compliance Agreement (GITCA) Benefits to Participants**
- **Publication 5112 – Tip Rate Determination Agreement (TRDA) Benefits to Participants**
- **Publication 5146 – Employment Tax Returns: Examinations and Appeal Rights**
- **Publication 5504 – Free Small Business Virtual Tax Workshop**

Forms and Instructions

The following list includes most federal tax forms and instructions a business is likely to need to process payroll and file necessary returns with the IRS. The forms and instructions are downloadable from the links. Some of the forms are information copies only and cannot be used for filing. A full list of all IRS forms, instructions and publications is also available.

- **Form SS-4, Application for Employer Identification Number (with instructions)**
- **Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding**
- **Form W-2, Wage and Tax Statement (with instructions)** – Issued to recipients of wages and filed with the Social Security Administration (SSA).
- **Form W-2C, Corrected Wage and Tax Statement (Form W-2 and W-3 instructions)** – Used to correct Form W-2 information.
- **Form W-3, Transmittal of Wage and Tax Statements** – Used to transmit the Form W-2 to the SSA.
- **Form W-3C, Transmittal of Corrected Wage and Tax Statements** – Used to transmit Forms W-2c to the SSA.
- **Form W-4, Employee's Withholding Certificate** – Must be furnished to each employee upon hiring to determine correct withholding. Employee may submit new certificate at any time.
- **Form W-9, Request for Taxpayer Identification Number and Certification (with instructions)** – Must be furnished to each person who receives a payment from a government entity to verify the recipient's taxpayer identification number.
- **Form 843, Claim for Refund and Request for Abatement (with instructions)** – Used to request a refund or an abatement of certain taxes, interest and penalties, including those related to Federal Unemployment Tax Act (FUTA) and certain excise taxes.
- **Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return** – Information about Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, including recent updates, related forms and instructions on how to file.
- **Form 941, Employer's Quarterly Federal Tax Return (with instructions)** – Must be filed each quarter by an employer, including a government entity who pays wages during a calendar quarter.
- **Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund (with instructions)** – Amended return to correct information reported on a previous quarter Form 941.
- **Form 944, Employer's Annual Federal Tax Return (with instructions)** – May be filed by certain employers with small payrolls who've been notified by the IRS that they can file on an annual basis, instead of filing Form 941 quarterly.
- **Form 945, Annual Income Tax Withholding Return (with instructions)** – Must be filed by each employer, including a government entity, to report withholding (including back up withholding) on payments other than wages.
- **Form 1099-G, Certain Government Payments (with instructions)** – Used by federal, state or local governments to report payments of unemployment compensation, tax refunds, taxable grants and certain other payments.
- **Form 1099-MISC, Miscellaneous Income (with instructions)** – Must be filed by any payer, including a government entity, who makes certain payments for services to recipients who are not employees.

- **Form 1099-NEC, Nonemployee Compensation (with instructions)** – Used to report nonemployee compensation, nonqualified deferred compensation and cash payments for fish.
- **Form 1096, Annual Summary and Transmittal of U.S. Information Returns** – Used to transmit Form 1099-MISC to the IRS.
- **Form I-9, Employment Eligibility Verification** – Required for all new hires. This form is available from U.S. Citizenship and Immigration Services.
- **Form SSA-1945, Statement Concerning Your Employment in a Job Not Covered by Social Security** – Newly hired public employees must sign this form, indicating they’re aware of a possible reduction in their future Social Security benefit entitlement.

For Further Online Information

- [Here's What To Do if You Must Close Your Business | English | Spanish | Chinese](#)
- [Employment Tax Forms](#)
- [Forms and Publications by U.S. Mail](#)
- [Prior Year Forms, Instructions and Publications](#)
- [e-News Subscriptions](#)

Free Small Business Virtual Tax Workshop

Available in seven languages



This free workshop is available online 24/7 to help business owners understand and meet their federal tax obligations.

It is available in English, Spanish, Chinese, Russian, Haitian Creole, Vietnamese and Korean.

Learn about:

- › Completing Schedule C and other tax forms
- › Filing and Paying your taxes electronically
- › Home office deduction
- › Hiring employees/contractors
- › Tax deposits and filing payroll taxes
- › Managing payroll and withholding the right amount of tax
- › Hiring non-U.S. citizens living in the United States

Use convenient features:



- › Select and view lessons in any sequence



- › View outlines or complete transcripts of each lesson



- › Bookmark, share and like lessons

Access the workshop at www.irs.gov/sbworkshop

IRS Tax Publications

If you are not sure whether you are an employee or an independent contractor, get Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding. Publication 15-A, Employer's Supplemental Tax Guide, provides additional information on independent contractor status.

IRS Electronic Services

You can download and print IRS publications, forms, and other tax information materials on the Internet at www.irs.gov. You can also call the IRS at 1-800-829-3676 (1-800-TAX-FORM) to order free tax publications and forms.

Call 1-800-829-4933, the Business and Speciality Tax Line, if you have questions related to employment tax issues.



**INDEPENDENT
CONTRACTOR**

OR

EMPLOYEE



Independent Contractor *or* Employee

Which are you?

For federal tax purposes, this is an important distinction. Worker classification affects how you pay your federal income tax, social security and Medicare taxes, and how you file your tax return. Classification affects your eligibility for social security and Medicare benefits, employer provided benefits and your tax responsibilities. If you aren't sure of your work status, you should find out now. This brochure can help you.

The courts have considered many facts in deciding whether a worker is an independent contractor or an employee. These relevant facts fall into three main categories: behavioral control; financial control; and relationship of the parties. In each case, it is very important to consider all the facts – no single fact provides the answer. Carefully review the following definitions.

Behavioral Control

These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the work. For example:

Instructions – if you receive extensive instructions on how work is to be done, this suggests that you are an employee. Instructions can cover a wide range of topics, for example:

- how, when, or where to do the work
- what tools or equipment to use
- what assistants to hire to help with the work
- where to purchase supplies and services

If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

Training – if the business provides you with training about required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that you may be an employee.

Financial Control

These facts show whether there is a right to direct or control the business part of the work. For example:

Significant Investment – if you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.

Expenses – if you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.

Opportunity for Profit or Loss – if you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

Relationship of the Parties

These are facts that illustrate how the business and the worker perceive their relationship. For example:

Employee Benefits – if you receive benefits, such as insurance, pension, or paid leave, this is an indication that you may be an employee. If you do not receive benefits, however, you could be either an employee or an independent contractor.

Written Contracts – a written contract may show what both you and the business intend. This may be very significant if it is difficult, if not impossible, to determine status based on other facts.

When You Are an Employee...

- Your employer must withhold income tax and your portion of social security and Medicare taxes. Also, your employer is responsible for paying social security, Medicare, and unemployment (FUTA) taxes on your wages. Your employer must give you a Form W-2, Wage and Tax Statement, showing the amount of taxes withheld from your pay.

When You Are an Independent Contractor...

- The business may be required to give you Form 1099-MISC, Miscellaneous Income, to report what it has paid to you.
- You are responsible for paying your own income tax and self-employment tax (Self-Employment Contributions Act – SECA). The business does not withhold taxes from your pay. You may need to make estimated tax payments during the year to cover your tax liabilities.
- You may deduct business expenses on Schedule C of your income tax return.

