

5 Common Tax Mistakes to Avoid as a Small Business Owner

Small Business Expo Workshop



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INTRODUCTION



For over 20 years, CKH Group has been Atlanta's trusted CPA delivering personalized tax, accounting, assurances, and advisory services to individuals, small businesses, government entities, and multinational organizations. With over 30 CPAs or CAs on staff, they bring a wealth of knowledge to tax and accounting best practices for small businesses



Featured Speakers:



Frank D'Urban Jackson

CPA, CHIEF TAX OFFICER

- Tax Planning & Compliance
- Accounting
- Payroll Services
- Wealth Management



Umesh Patel

TAX MANAGER

- Personal and business returns
- Journal entries
- Financial reporting
- Reconciliations

Agenda

5 Tax Mistakes

Key Takeaways

Contact Details

Q&A (time permitting)

This presentation only intends to provide general financial information and is based on open-source facts, it is not designed to provide specific advice or recommendations for any individual. It does not give personalized tax, financial, or other business and professional advice. Before taking any form of action, you should consult a financial professional who understands your particular situation. CKH Group will not be held liable for any harm/errors/claims arising from this presentation. Whilst every effort has been taken to ensure the accuracy of the contents, we will not be held accountable for any changes that are beyond our control.

Time for a Poll!

Which Accounting function do you find most difficult to do yourself?

- A. Bookkeeping*
- B. Tax Preparation*
- C. Payroll Processing*
- D. All of the Above!*



5 TAX MISTAKES

And how to avoid them



1. NOT TALKING TO A TAX PREPARER

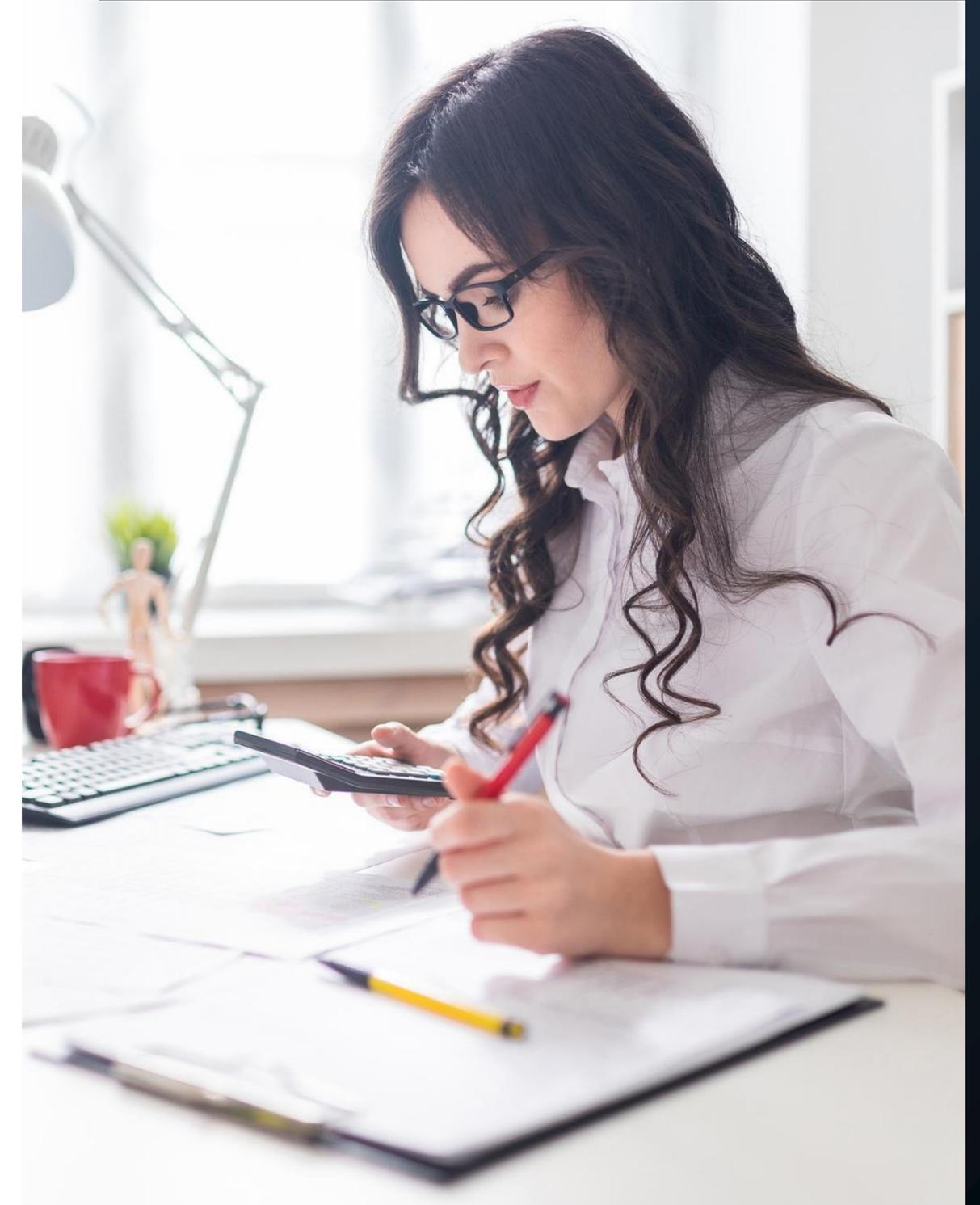
Don't make big decisions without tax guidance.

All of these have tax implications (some major!):

- Selling property or equipment
- Changing your business structure (e.g., LLC to S-Corp)
- Adding or removing partners/shareholders
- Taking large owner draws or distributions
- Purchasing high-value assets
- Hiring employees or contractors (for the first time or hitting certain thresholds)
- Offering employee benefits (for the first time or hitting certain thresholds)
- Expanding into new states (or countries)
- Accepting or repaying business loans
- Merging, acquiring, or closing a business

For Example:

Selling real property can trigger capital gains, but with proactive tax planning with your CPA, you could have qualified for a 1031 exchange, which allows taxpayers to defer recognition of capital gains or losses



1. BEST PRACTICES



Consult before you commit.

If you are a business owner and do not yet have a trusted CPA to consult you on tax matters, now is the time to start looking.

★ Best Practice:

- ✓ Build a relationship with a CPA or tax advisor *before* major transactions.
- ✓ Schedule quarterly tax planning check-ins.
- ✓ Ask: “What are the tax consequences of this?” before signing or selling.
- ✓ Use your accountant to model different outcomes. Never assume you can fix it later.
- ✓ Do not rely on AI or social media tips without also consulting a CPA



2. MISSING OUT ON TAX BENEFITS

Tax Deductions

(Reduces your taxable income)

- Startup & Organizational Costs
- Home Office Deduction
- Section 179 Expensing & Bonus Depreciation
- Business Mileage Deduction
- Professional Fees
- Education & Training
- Bad Debt Deduction
- Charitable Contributions (for corporations)
- Insurance Premiums
- Phone, Internet & Software

Tax Credits

(Dollar-for-dollar reductions)

- Work Opportunity Tax Credit (WOTC)
- Credit for Employer-Provided Childcare Facilities
- Energy-Efficient Commercial Building Deduction (Section 179D)
- Research & Development (R&D) Credit
- Family & Medical Leave Credit

Tax Incentive Programs

(Other incentivized areas that may reduce tax liability)

- Qualified Business Income (QBI) Deduction (Section 199A)
- OBBBA State-Level Tax Election
- Opportunity Zone Investments
- Employer Retirement Plan Incentives

2. BEST PRACTICES



“Most tax savings are lost not because they don’t exist, but because owners don’t plan early enough to qualify for them.”

★ Best Practice:

- ✓ Start early and plan ahead to ensure eligibility.
- ✓ Keep organized records which are needed to prove qualification
- ✓ Plan major purchases strategically to maximize tax benefit.
- ✓ Check tax legislation updates annually: Credits and thresholds can change or sunset entirely, which requires proactive planning
- ✓ Above all, consult your CPA. They will be able to confirm your eligibility, update you on tax legislation, and optimize for compounding benefits.



3. POOR RECORDKEEPING AND COMINGLING OF FUNDS

This can have both tax and legal repercussions

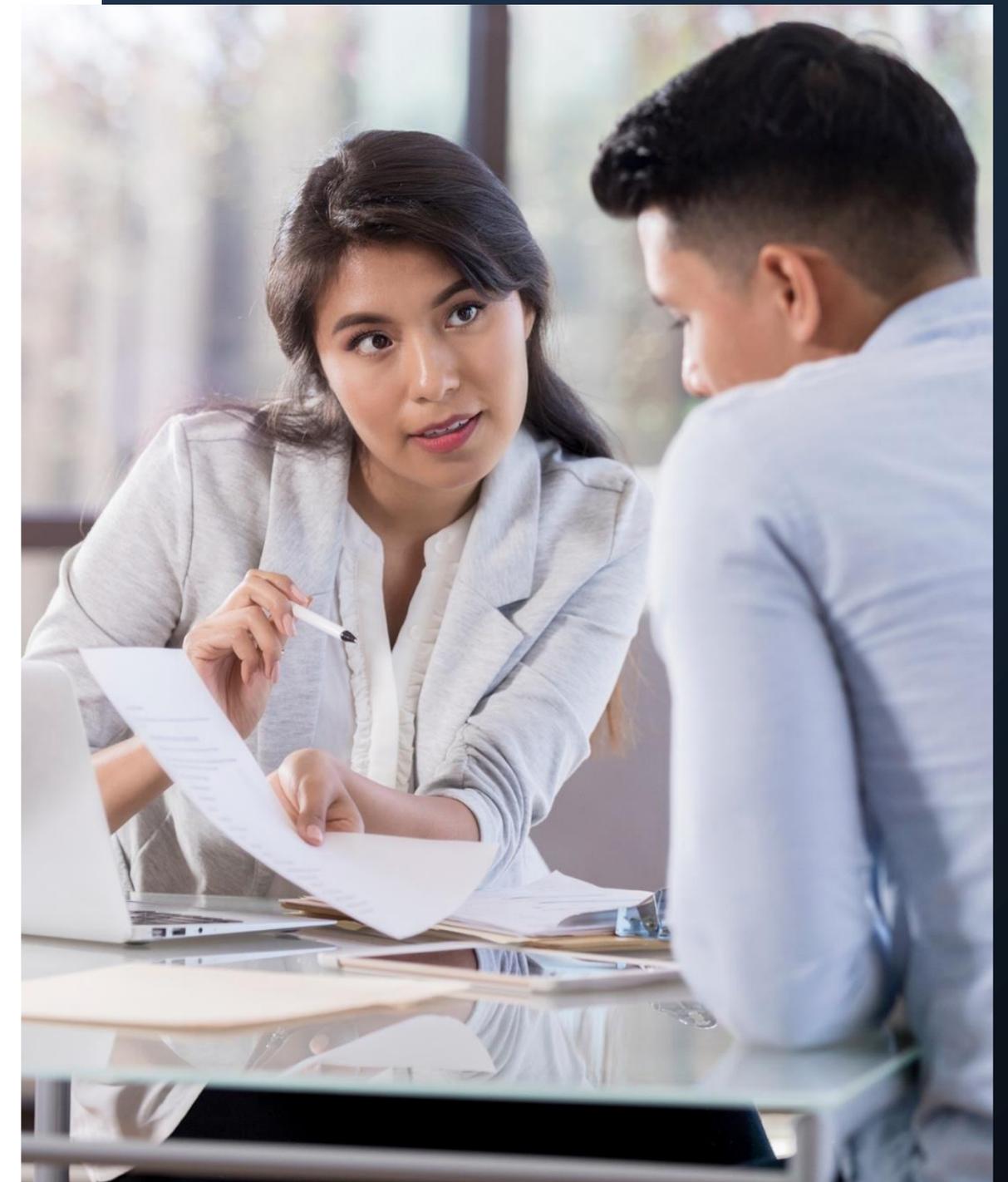
Accurate records are necessary to determine eligibility for tax credits or deductions.

Poor recordkeeping can lead to unintentional commingling of funds, which can cause tax complications in determining business expenses. In some cases, it can have legal ramifications.

Outside of tax issues, can also lead to bad bookkeeping, issues with payroll, cash flow issues, or discrepancies in bank reconciliations.

What is the comingling of funds?

This is when you utilize business funds for personal purposes, intentionally or unintentionally. For example, paying your personal rent from your business bank account, depositing client payments into a personal checking account, or using one credit card for both personal groceries and business supplies.



3. BEST PRACTICES

Keep clean, organized, and up-to-date books. Outsource where needed to avoid long-term issues come tax season.

★ **Best Practice:**

- ✓ Maintain separate bank accounts and credit cards for business.
- ✓ Use accounting software (QuickBooks, Xero) for real-time tracking.
- ✓ Save receipts digitally and categorize monthly.
- ✓ Schedule periodic bookkeeping reviews or outsource to a professional.





4. CHOOSING THE WRONG BUSINESS ENTITY

Business entity types are crucial to tax planning.

What are the different entity types?



Sole
Proprietorship



Partnership



Limited Liability
Company (LLC)



C-Corporation



S-Corporation



Nonprofit
Organization

Choosing (or staying with) the wrong type of business entity type can:

- 👎 Increase overall tax burden
- 👎 Miss tax-saving opportunities
- 👎 Limit access to credits or deductions
- 👎 Limit growth potential
- 👎 Incur additional state-level fees
- 👎 Cause unnecessary administrative or payroll complexity



4. BEST PRACTICES

Thoroughly analyze your situation before structuring your business.

★ **Best Practice:**

- ✓ Don't just 'set and forget': review your structure annually and consider restructuring based on income, payroll, and long-term goals.
- ✓ Consider S-Corp election if profitable and paying yourself a reasonable salary.
- ✓ Align structure with your liability needs, growth plan, and state tax laws.
- ✓ Consult your CPA before making or changing entity elections w/ the IRS.





5. NONCOMPLIANCE

Missed deadlines and ignored tax notices can lead to considerable penalties and interest.

Keep these deadlines in mind throughout the year:

- Deadline to send W-2s to employees/1099-NECs to contractors (Jan. 31)
- Annual tax filing (Mar. 15 or Apr. 15 depending on business entity)
- Tax extension deadlines if applicable (Sept. 15 or Oct 15)
- Quarterly estimated tax payments (Jan. 15, Apr. 15, Jun. 15, Sept. 15)
- Deadline to make IRA or HSA contributions (April 15)

Additional time-sensitive or annual requirements:

- Annual Report or Business Registration Renewal
- Business License Renewals
- Tax Notices
- Payroll Tax Deposits
- Form 940 (FUTA Tax)
- Form 1095 (Health Coverage Reporting)
- Form 5500 (Benefit Plan Filing) + Employee Benefit Plan Audit if applicable



5. BEST PRACTICES



Keep on top of all your deadlines and annual requirements- and be proactive.

★ **Best Practice:**

- ✓ Trust your CPA to handle compliance- Be responsive to them and give all necessary materials to ensure you work together to meet deadlines.
- ✓ Determine a list of all applicable deadlines and requirements and set calendar reminders for quarterly estimated payments
- ✓ Use your existing accounting or payroll software to automate where possible
- ✓ Conduct annual 'health checks' of your business to verify compliance before year-end

KEY TAKEAWAYS

Consult a CPA before major business decisions

Determine eligibility for tax credits/deductions and plan early

Keep clean, organized, and up-to-date records of business activity

Choose the right business entity to avoid unnecessary complexity

Stay compliant with tax deadlines to avoid penalties and interest





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