

Taxes for the Newly Self-Employed: Pro Tips

1. Check with your lawyer or advisor about the best business structure for you.
 - But don't obsess about it. **All** business owners get to deduct business expenses.
2. Set up a system for tracking expenses, immediately, and stick to it.
3. Save all your receipts, even if you're not sure something is deductible.
4. Open a separate bank account and credit card for your business if it helps you stay organized.
5. As much as possible, organize your expenses into the categories listed on Schedule C.
 - It will save your tax preparer (and you) a lot of time.
 - List your "Other" expenses separately; no big unidentified amounts.
6. If you're going to take a home office deduction, follow the rules!
 - You must meet the test for Regular and Exclusive use AND
 - It must be the Principal Place of your business.
7. Keep a **written record** of business miles driven.
8. Figure out whether you're a **Real Estate Professional**
 - *More than half* the work you do during the tax year is in real property AND
 - You perform *more than 750 hours* of work in real property during the year
9. Don't confuse Schedule A (Deductible Personal Expenses) with Schedule C (Business Income and Expenses) or Schedule E (Rental real estate income for non-Real Estate Professionals)
10. If you need more information, check **IRS.gov**. All the rules are there, in one publication or another.

The above examples are not intended as legal advice but to illustrate certain retirement planning concepts. Always refer to your legal counsel or accountant when and as appropriate.

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