



This Is You!
Calm. Cool, Collected
and Ready To Take On
Tax Season!



Barbee Business Services

BOOKKEEPING • BUSINESS ASSISTANCE • TAX PREPARATION



Preparing for Tax Season: How to Set Your Business Up for Success



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Who's Talking to You About Taxes?

What I do

- Help small business owners simplify taxes and stay organized year round
- Translate "tax-speak" into plain English so you actually use the information
- Believe tax season shouldn't be stressful-it should confirm your success

Experience

QuickBooks 15+ years of experience working with small businesses

- Business owner: 4 businesses

Affiliations & Education

- Degree in Business Management, Concentration in Accounting
- Member of the American Institute of Professional Bookkeepers
- IRS Registered Tax Preparer



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Let's Hear About YOU!

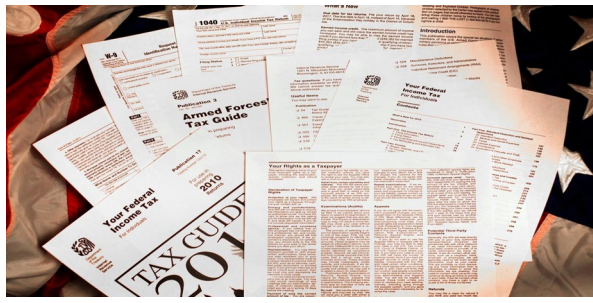


Poll Question

Now is the Time

1. Get Organized - Organize invoices, expenses, bank statements, cash receipts, mileage, etc.
2. Get Reconciled - Reconcile month by month for the year
3. Review Last Year— Double-check you haven't missed any deductions or records
4. Prepare W-9s & 1099s – Ensure your forms are ready for this year and the new year
5. Book Your Accountant Early – Schedule your tax professional before the rush





What Tax Forms Do I Complete:

Sole Proprietor/DBA/ Single Member LLC

- You **are the business**
- Report income and expenses on **Schedule C**, filed with **Form 1040**
- The business is **not taxed separately**
- If you operate **more than one business**, complete a **Schedule C** for each
- **Farms** use **Schedule F** instead of Schedule C

Partnerships/S Corporations

- Business is a **separate legal entity**
- File a **business return**:
Partnerships: Form **1065**
S Corporations: Form **1120-S**
- Both issue **Schedule K-1** forms to owners/shareholders showing their share of income
- Due **March 15** each year
- The **income flows through** to the owners' personal tax returns – the business itself does **not pay income tax**

Important Tax Deadlines for 2025

Business Filing Deadlines :

January 31, 2026 – Deadline to issue Forms 1099-NEC and W-2s

Mar. 15th: S Corporation and Partnership tax returns due

Extensions due September 15, 2026

Apr. 15th: Sole Proprietors (Schedule C) and C Corporations (Form 1120)

Extensions due October 15, 2026

Quarterly Estimated Tax Payments:

(For sole proprietors, partners, and S corp shareholders)

April 15, 2026

June 15, 2026

September 15, 2026

January 15, 2027



What is a Schedule C? Do you need to file it?

The Basics

- Used by **sole proprietors** and **single-member LLCs**
- Filed as part of your **personal Form 1040**
- Reports **income and expenses** from your business
- The **net profit or loss** flows into your personal tax return


Key Points to Know

- You'll need accurate **income and expense records** for the year
- Common categories include:
 - Advertising, office expenses, supplies, mileage, etc.
- You **pay self-employment tax** on your profit
- If you have **multiple businesses**, you'll file **a separate Schedule C** for each

Where Does Your Information Come From?

BOOKKEEPING SYSTEM		PAPER LEDGER/EXCEL		SHOEBOX
• Profit & Loss		• Total Income/Expenses by category		• Deposit slips/Receipts
• Balance Sheet		• Check bank balances		• Bank statements
• Mileage Records		• Mileage Records		• Mileage Records
• Records of asset purchases		• Records of asset purchases		• Records of asset purchases
• 401K Statements		• 401K Statements		• 401K Statements
• Bank statements (interest income)		• Bank statements (interest income)		• Bank statements (interest income)
• Payroll Records		• Payroll Records		• Payroll Records
		• Loan Documents		• Loan Documents
		• 1099 nec		• 1099 nec

Schedule C - Profit or Loss From A Business



Section 1: Information about the business

Part 1: Income, Cost of Goods Sold, Gross Profit

Part 2: Expenses

Part 3: Cost of Goods Sold

Part 4: Vehicle Information

Part 4: Other Expenses

Learn More & Access your Schedule C Form here:

<https://www.irs.gov/forms-pubs/about-schedule-c-form-1040>

SPECIFIC TAX TOPICS



Bonus Depreciation: Updated Rules (2025+)

- 100% bonus depreciation **originally applied** through 2022 (TCJA).
- **Phase-down** in 2023–2027 (80%, 60%, 40%, 20%, 0%).
- **New law (OBBA 2025)** permanently restores 100% for qualified property acquired *and* placed in service after Jan 19, 2025.
- Qualified property: tangible personal property with class life ≤ 20 yrs, QIP, certain software, other assets under IRC § 168(k).
- Plan purchases strategically based on acquisition and placed-in-service dates.

Grants: How Do They Factor In?

- May or may not be taxable
- If taxable, the granting authority should provide a 1099 at year end.
- Can generally cover operational expenses
- If taxable, must be included in your income for the year, but the expenses it paid for may be deducted.
- **For Example:** The newest Maine Recovery Grant is considered taxable income, so funding received must be included with reportable income at tax time. If applicable, a Form 1099 will accompany any awarded funds.



Additional Deductions

Vehicle Deduction - In certain conditions, you can deduct business use of your car. For instance, the actual cost of the business mileage, if you can document the mileage was for business and not personal use. The standard mileage rate is \$0.70 per mile, but if you take the standard rate, you're locked into taking that rate in the years to come. That means you can't deduct the car's depreciation, or lease payments.

Business Travel & Meals

- **Business Travel & Meals (2025)**
- Travel: airfare, lodging, transportation, baggage, tips— fully deductible.
- Meals: 50% deductible (100% if restaurant-provided).
- Entertainment: **not deductible** .
- Keep detailed records: dates, purpose, attendees, costs.

Home Office Deduction: Simplified vs. Actual Method

Home Office Deduction: Simplified vs. Actual Method

Requirements (both methods):

Space must be **used regularly and exclusively** for business.

Must be your **principal place of business** (where admin or management occurs).

Simplified Method

\$5 per square foot of office space

Up to 300 sq. ft. (max **\$1,500 deduction**)

No need to track utilities, insurance, or depreciation

Easy, quick, low audit risk

Actual Expense Method

Deduct **actual costs** of home expenses based on business use %

(utilities, insurance, rent/mortgage interest, repairs, property taxes, depreciation)

Requires good recordkeeping and receipts

Often larger deduction — but more work

Employee -Based Year End Deductions

1. Year End Employee Bonuses

Did your business have a successful year? Giving bonuses to outstanding employees before the end of December can help minimize your tax burden, but if taxable to them you must withhold the appropriate fed., state, FICA and unemploy. taxes

2 Plan a Reasonable Holiday Party

Your holiday party expenses may be deductible if they meet certain criteria established by the IRS.

- Must promote employee goodwill
- Not related to owners and their spouses
- Not for contractors, vendors or business contacts
- Event must be reasonable compared to your annual revenue/ not extravagant.

What is the difference between a deduction and a credit?

Deduction

Reduces your taxable income, not your tax directly.

Think of it as lowering the **amount of money the IRS can tax**

Example:

You earn \$60,000, and you have \$5,000 in deductions.

Your taxable income becomes \$55,000.

If your marginal tax rate is 22%, that \$5,000 deduction **saves \$1,100 in taxes** ($\$5,000 \times 22\%$).

✓ **Key point:** The value of a deduction depends on your tax bracket

Tax Credit

Reduces your tax bill dollar-for-dollar, after your tax is calculated.

Some credits are **refundable**, meaning you can get money back if the credit exceeds your tax.

Example:

- You owe \$3,000 in taxes.
- You have a \$1,000 tax credit.
- Your tax owed becomes **\$2,000**.
- If it's refundable and you owed \$800 in taxes, a \$1,000 credit could result in a \$200 refund.

✓ **Key point:** Credits are usually **more valuable than deductions** because they directly lower the amount you pay.

Tax Credits You Might Be Missing

R&D Credit —Innovation pays off!

Improving products, systems, or software may qualify even for small firms.

Energy Efficiency Credits —Save when you go green.

Applies to EV purchases, energy-saving building upgrades, or solar installs.

Work Opportunity Tax Credit —Reward for inclusive hiring.

Credits for hiring veterans or individuals from targeted groups.

Retirement Plan Startup Credit —Plan ahead, get paid.

Up to \$5,000/year for starting a SEP, SIMPLE, or 401(k).

Disabled Access Credit—Accessibility adds up.

Covers half of eligible accessibility improvements, up to \$5,000.

Gather Your Information



Don't claim anything you can't document .



There are a number of deductible items.

You can find the entire list on the Schedule C form.



Locate copies of any leases on office or storage space, (including your home, if you work from home), mortgages, notes from any loans you paid during the year, payroll records, and benefit statements.



Don't leave out the little things. You can deduct travel, vehicle maintenance, meals, utilities, even advertising.

As long as you keep good records, the savings will add up.

Maximizing Year End Deductions

1. Purchase Necessary Equipment
2. Review Retirement Plan Options
3. Take Advantage of Bonus Depreciation
(allows for 100% write off in 2021)
4. Be sure to capture 199A Deduction
(20% deduction of qualified business income)
5. Review Business Structure
6. Anticipate future tax rates and plan accordingly
7. Work with your accountant/ tax preparer all year long: they are a part of your team





Best Practices for Business Records

- **Keep Personal & Business Separate**– Never mix accounts.
- **Maintain Records for 3 Years** – From the date of your tax return.
- **Use Digital Backups** – Protect against loss or damage.
- **Track How Money is Used** – Keep clear notes for every transaction.
- **Good Record-Keeping = Peace of Mind** – Makes taxes, audits, and decisions easier.

Common Mistakes I Find:

- **Not Reconciling Accounts Before Filing**

(Unreconciled books = inaccurate income and expenses.)

- **Missing 1099s or Other Income Sources**

(Forgetting contractor payments or side income leads to mismatches with IRS records.)

- **Overlooking Deductible Expenses**

(Mileage, home office, subscriptions, and small equipment often get missed.)

- **Misclassifying Workers**

(Confusing employees vs. contractors can trigger penalties.)

- **Failing to Track Estimated Tax Payments**

(Leads to underpayment penalties or confusion at filing time.)

- **Guessing at Mileage, No Mileage Records**

(Receipts, mileage logs, and notes showing “business purpose” matter.)

- **Waiting Until the Last Minute**

(Creates stress, errors, and missed deductions.)

- **Ignoring Retirement Contributions or Credits**

(Missed opportunities for deductions and long-term savings.)

- **DIY’ing Beyond Your Comfort Zone**

(Get help early on)





Any Questions?
Ask Away!

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