

Deposits and Cancelled Checks

- Deposits should note the source of the payment received.
- Deposit slips and cancelled checks should be filed with the bank statement on which they appear.
- All bank accounts should be reconciled (balanced) when each statement is received.

Loans

- All loans to or from the business must be fully documented.

Credit Cards

- Charges must be classified as business or personal, and business expenses classified by type of expense.
- Original receipts or invoices should be checked against the credit card statements and retained with the statements and the check used to pay the credit card issuer.

Records and Receipts

- Should be retained until the audit period has expired for the year in which the expense or deposit occurred.

Special Rules

- Apply to receipts for business meals and entertainment
- Apply to business use of vehicles
- Apply to business use of your residence.
- Kelly Oakes, CPA can assist you with these special rules

Practical Considerations

Finally, be sure to consider all aspects of your business, including but not limited to:

- If you intend to operate your business from your home, will it be convenient for you, your customers, and other members of your household?
- Is there appropriate space for inventory and supplies?
- Will your business require an additional phone or fax line?
- Should you rent a post office box for business purposes?
- What licenses and permits do you need, regardless of where you operate your business?

What Kelly Oakes, CPA Can Do for You

- Help you acquire the proper licenses for your business
- Assist you with federal, state, and local government filings
- Assist you with properly classifying workers as employees or subcontractors
- Keep you in filing compliance with taxing authorities
- Assist you with quarterly tax payments

ALL of these things SAVE YOU TIME and MONEY!!

Starting a Business

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Type of Entity

You need to decide if you will operate your business as a Sole Proprietorship, a Partnership, an S Corporation, or a C Corporation. Kelly Oakes, CPA can help you decide which entity will work best with your business.

We can also advise you on the unique considerations with respect to organization and ownership, taxation of profits and losses, accounting and record keeping, treatment of fringe benefits, and liability unique to each type of entity.

Start-Up Paperwork

All businesses except Sole Proprietors are required to have a Federal Employer Identification Number, even if they do not plan to have employees. This is the number the business uses like an individual uses a Social Security Number. The number is obtained by filing a Form SS-4 with the IRS.

You will probably need to file paperwork with the state in which you plan to operate your business. The types of forms vary with the type of business entity you've chosen. Although most of the forms are available online, many people consult with an attorney for this.

Any business that provides taxable goods or services will also have to obtain a Vendor's License in the state in which you operate, collect and remit sales tax, and regularly file sales tax returns.

Additionally, any business that has employees must withhold and remit employment taxes. Withholding accounts must be established with the state and any localities in which you operate your business.

All employers are required to have a completed Form I-9, W-4, and state withholding forms on file for each employee.

Business Plan

This is the plan for your business for the next couple of years. You control the level of detail, but it should include:

- the type of business, product, or service offered
- types of potential/targeted customers
- pricing
- start-up capital needs and sources
- revenue and expense forecasts
- marketing plans

For help with your business plan, consult sources at the public library, the Chamber of Commerce, and websites such as the Small Business Administration.

A business plan is an important step for obtaining a business loan to set up operations.

Banking

It is critical that you separate business and personal funds for all types of business entities. For most businesses, this is required to preserve liability protection.

Taxes

Meet with Kelly Oakes, CPA before you begin operations to be sure you understand what tax filing and payment requirements you have as a business owner, and implement a plan to be in compliance with those requirements.

Insurance

If you plan to operate your business out of a separate location, you need to obtain property and liability insurance on the premises and equipment. If you plan to operate your business from your home, you need to confirm that your homeowner's or renter's policy covers any equipment, activity, liability for your actions or product as well as for business visitors who may come to your home. You will likely need a special rider on your homeowner's or renter's policy. Contact your insurance agent for specific details.

Employee or Subcontractor?

If you pay others to do work for you, you must determine whether they are employees or subcontractors. There are complex special rules that determine whether a worker is an employee or a subcontractor. Kelly Oakes, CPA can guide you in making this distinction.

Recordkeeping and Retention

Business Expenses

- All invoices should have a copy of the check used to pay the expense attached, or at a minimum a notation of the check number used, date paid, and amount paid if not paid in full.