

# ***10 Tax Tips for the Self-Employed***

Being self-employed can bring great rewards but also great responsibility. The self-employed have unique tax concerns. Below are ten helpful tax tips to help lessen Uncle Sam's tax bite:

**1. Keep good records:** Unlike a large company in which someone is hired to maintain records of all income and expenses, it is up to you to keep very good records, save all receipts and be able to support your deductions.

**2. Office space:** Whether you have a separate office facility or are using a portion of your basement or a converted den, you can deduct the percentage of your home used exclusively for business purposes, such as utilities, interest, taxes, etc..

**3. Business expenses:** Keep receipts and good records of business travel and other expenses including office supplies, postage, dues, subscriptions, bank charges, computer software for your business and upgrades to your system, and other business related expenses.

**4. Business meals:** Record the 4 "W"s, who was at the meal, when was it, what was discussed, and where did it take place.

**5. Set up a retirement plan:** You should consider setting up a self employed qualified retirement plan (i.e. SEP, 401k, etc.) not only for tax purposes but for the same of saving money for your retirement years.

**6. Employ family members:** You can deduct medical expenses for your entire family by employing them legitimately.

**7. Defer income if necessary:** Being self-employed, you can alter your billing slightly to defer income to the next year if you think you're heading into a higher tax bracket.

**8. Get money back from FICA:** Being self-employed, you pay both the employer and employee portions of Social Security tax. You can, however, deduct these payments on your 1040 form.

**9. Increase expenses if necessary:** Just as you can elect to defer income, if you see that your income is high, you can make year-end business purchases to add some tax deductions before December 31st.

**10. Get the right help:** Look for tax help from someone who is familiar with self-employment, since your needs will differ from those of a company.

