



12221 Merit Drive, Suite 750
Dallas, TX 75251
Phone: 972.503.1040
Fax: 972.503.1120
www.bh-co.com

TAX CONSEQUENCES FOR SELF-EMPLOYED INDIVIDUALS

Owning your own business can be very rewarding, both personally and financially. Being the sole decision-maker for this important undertaking can also be overwhelming. Business owners have many choices to make, and these choices involve tax consequences that are not always foreseen. We can help you minimize your overall tax burden by identifying and maximizing business deductions, providing guidance on substantiation of expenses, and exploring tax planning alternatives that are uniquely available to the self-employed.

Some frequently overlooked business expenses that you may be able to deduct include moving expenses, costs of travel away from home, entertainment expenses, and expenses related to a home office. Code Sec. 179 expense allowance on the purchase of new equipment can provide a significant deduction. In addition, there are multiple benefits when you employ your spouse, child, or other family member in the business.

There are some risks involved in adopting tax positions relating to operating a business as an independent contractor. For example, the distinction between employee and independent contractor is an issue the IRS subjects to special scrutiny. As a self-employed individual, you must comply with these rules for yourself or for any workers that you hire. If you are an employer, you must withhold income and employment taxes from an employee's income. However, if your workers are independent contractors, you are only required to report payments of \$600 or more on a Form 1099-MISC, Miscellaneous Income. Failing to make the right classification, however, could result in additional taxes, interest and penalties.

Complex rules and calculations are involved in many of the planning opportunities that are available to you. We will be happy to review your overall tax scenario in order to maximize your tax savings. Please contact our office at your earliest convenience to make an appointment.

#####