Index

Numerics

90 percent rule vs safe harbor method, 178–179
401(k) plans, 17, 41
  individual, 54–55
  for "larger" small companies, 55–56
403(b) plans, 17, 56–57
529 funds, 17

A

accessibility, of funds, 62–63
accordion file, 113
accounting
  managing with FreshBooks, 248
  managing with QuickBooks, 247
  methods, 144–146
accounting system, 108, 259
  documenting expenses and income, 109
  employment (payroll) tax, 110–111
  income tax, 110–111
  reducing taxes, 111–112
  sales tax, 110–111
  separating business and personal finances, 108–109
accrual method, of accounting, 145
accuracy, double-checking for, 221–222
ACS. *See* automated collection system
adjusted gross income (AGI), 49, 124, 131, 180
adjustments to income
  line 11: educator expenses, 131
  line 12: certain business expenses of reservists, performing artists, and some government officials, 132
  line 13: health savings account deduction, 132–133
  line 15: deductible part of self-employment tax, 133–134
  line 16: self-employed SEP, SIMPLE, and qualified plans, 134
  line 17: self-employed health insurance deduction, 134–135
  line 20: IRA deduction, 135
  line 21: student loan interest deduction, 135–136
advertising, on IRS Form 1040 Schedule C, 150
Aetna, 44
Affordable Care Act. *See* Obamacare
AGI. *See* adjusted gross income
allowances, on IRS Form 1040 Schedule C, 146, 148
alternative minimum tax (AMT), 13, 21–22
amending tax returns, 215–216
American Opportunity Credit, 139
Anthem, 44
apps
  Expensify, 245–246
  FreshBooks, 248
  Kurv (Electronic Merchant Systems' EMSplus), 246
  MileIQ, 247
  PayPal, 246
  Payroll, 247
  QuickBooks, 247
  recommended, 245–247
  Square, 246
  Stripe, 246
  TurboTax Premium, 248
areas of expertise, 237
assessment notices, 193
  assessing, 195–196
  backup withholding notice, 197–199
  federal tax lien notice, 199
  income verification, 196
  IRS Form CP515, "Request for Your Tax Return," 197
  IRS Form CP518, "You Didn't Respond Regarding Your Tax Return," 197
  IRS Form CP2000, "Notice of Proposed Adjustment for Underpayment/Overpayment," 196
  IRS Form CP2501, 196
assets
  allocation, retirement accounts and, 67–68
  giving away, 96–99
  leaving to a spouse, 99
  protecting, 9
  wills, 95–96
Assurant, 44
at-risk rules, on IRS Form 1040 Schedule C, 161–163
attorneys, 204, 206
auditor, 206, 208, 209
audits, 203
  correspondence, 205
  experience with, 238–239
  field, 206–207
  office, 205–206
  preparing for, 207–209
  random statistical, 207

COPYRIGHTED MATERIAL

audits *(continued)*
reducing chances of, 218–222
risk of, 28, 174–176
statute of limitations on, 210
types, 204–207
what to expect with, 203–210
winning, 209
auto costs, as an employee benefit, 45
automated collection system (ACS), 218
automobiles, depreciation deduction for, 15
awards, on Schedule 1, 130

B

backup withholding notice, 197–199
balanced funds, 72–73
balance due notice, 213
bartering, 129
BBB. *See* Better Business Bureau
benefits, employee. *See* employee benefits
Better Business Bureau (BBB), 240
Blue Cross, 44
Blue Shield, 44
bond funds, 73–76
considerations for choosing, 73
intermediate-term, 75–76
short-term, 75
yield-chasing, 74–75
bond returns, estimating, 58
bootstrapping, 80
brokerage commission, ETFs and, 66
brokers, for negotiating leases, 84–85
business
buying property, 85–90
decision, 25
estate tax treatment, 94–95
finances, separating personal finances, 108–109
leasing space for, 82–85
plan, 257–258
business entities, 25
C corporations, 29–34
choosing, 258
limited liability companies, 39
partnership building, 37–38
S corporations, 34–37
sole proprietorships, 26–28
types of, 9
business expenses, 112
documenting, 109
temporary waivers of, 75
tracking with apps/software, 245–246
business income (loss), 127–128
declaring all, 219
documenting, 109
double-counted, 211
exempt, 211
incorrect, 211
repeated, 174–176
taxable, 18–19
business-oriented program, 114

C

canceled debt, 129–130
capital gain (or loss), 124
capitalization (cap), 69
car expenses, 113
on IRS Form 1040 Schedule C, 150–153
cash accounting basis, 12
cash basis, 111
cash method of accounting, 144–145
cash-value life insurance, 99–101
C corporations, 13, 18, 22, 29–34
CDEs. *See* Community Development Entities
certified public accountant (CPA), 204, 208, 232–235
CFA. *See* Chartered Financial Analyst
charitable contributions/expenses, 254
charitable lead trust, 103
charitable remainder trust, 103
Chartered Financial Analyst (CFA), 62
cheating, 220
child care expenses, 138–139
CIGNA, 44
clients, references of, 241
Clifford, Denis (*Estate Planning Basics*), 104
collection due process hearing, 218
collection efforts, IRS, 260–261
commercial leases, 89–90
commissions, on IRS Form 1040 Schedule C, 153
Community Development Entities (CDEs), 256
commuting expenses, 152
compensation package, industry-competitive, 40
compounding returns, 59–60
consumer debt, 253
continuity of life, 33
contract labor, on IRS Form 1040 Schedule C, 153
co-payments, for health insurance plans, 42
corporate taxes, 12–13, 32–33
corporation owners, benefits deductible for, 46
correspondence audits, 205
correspondence with IRS, 212–213
cost, 107. *See also* accounting system
for bonds, 73
controlling with home office, 80
ETFs and, 67
of funds, 62
of goods sold, on IRS Form 1040 Schedule C, 148–149
minimizing for funds, 64–65
Coverdell Education Savings Account, 131

COVID-19 pandemic
shutdowns and, 78–79
unemployment compensation, 129
CPA. *See* certified public accountant
credit card expenses, 111
credit quality, for bonds, 73
Crummey trust, 98
custodian, 62

D

data processing errors, 211
date, misunderstood, 210
declaring all income, 219
deductibles, for health insurance plans, 42
deductions
interest, 16
itemizing, 119, 124–125, 219, 251–253
meal and entertainment, 16
missing, 10–11
for pass-through entities, 14–15
subtracting, from income, 19
defined benefit plans, 55
Delaware, incorporation in, 34
delinquent tax return notice, 201
dependent care
as an employee benefit, 45
expenses for, 138–139
depletion, on IRS Form 1040 Schedule C, 154
depreciation
for automobiles, 15
for cars, 150–151
for home office, 171–173
on IRS Form 1040 Schedule C, 154–156
percentages for, 154–156
recapture, 176
discipline, home office and, 81
diversification
ETFs and, 67
of funds, 61
dividends, return of principal as, 75
Dodge & Cox Balanced, 72
Dodge & Cox Income, 76
Dodge & Cox International, 71
Dodge & Cox Stock, 70
double-counted income, 211
dues, as an employee benefit, 46
durable power of attorney, 96
duration, bonds, 73

E

EA. *See* enrolled agent
earnings before interest, taxes, depreciation, and amortization (EBITDA), 16
earnings, reducing, 219–220
EBITDA. *See* earnings before interest, taxes, depreciation, and amortization
educational expense reimbursement, as an employee benefit, 45
education credits, 139
educator expenses, 131
EFT. *See* electronic funds transfer
EFTPS. *See* Electronic Federal Tax Payment System
EIN. *See* employer identification number
Electronic Federal Tax Payment System (EFTPS), 23, 181, 213
electronic funds transfer (EFT), 213
Electronic Merchant Systems' EMSplus, 246
employee benefits, 40
auto costs, 45
deductible for corporation owners, 46
dependent care, 45
dues, 46
educational expense reimbursement, 45
group term life insurance, 45
health insurance plans, 41–45
long-term care insurance, 45
meals, 46
programs on IRS Form 1040 Schedule C, 155–156
retirement plans, 40–41
travel and hotels, 46
employee tax withholdings, 260
employer group health plans, 43
employer identification number (EIN), 143
employment
overseas, 251
payroll taxes, 22–23, 110–111
enrolled agent (EA), 204, 208, 233, 234, 236
entities. *See also* business entities
choosing, 258
types of, 9
equipment, expensing, 15
errors and omissions. *See* liability insurance
Estate Planning Basics (Clifford), 104
estate planning/taxes, 9, 91
cash-value life insurance, 99–101
minimizing, 92
rates for, 93
reducing expected taxes, 95–104
rules, 93–94
setting up trusts, 101–103
for small businesses, 94–95
sole proprietorships and issues with, 28
tax advisors, 103–104
tax concerns, 92–95
estimated quarterly tax payments, 10
estimated tax for individuals, 178–181
Estimated Tax Worksheet, 180

estimating investment returns, 57–59
estoppel certificates, 89
ETFs. *See* exchange-traded funds
exchange-traded funds (ETFs), 61, 62, 66–67, 71–72
exempt income, 211
expenses, 112. *See also specific types*
  documenting, 109
  temporary waivers of, 75
  tracking with apps/software, 245–246
Expensify app, 245–246
expensing equipment, 15
experience
  audits, 238–239
  of fund management, 64
expert input, decisions without, 10
ezTaxReturn, 228

F

family limited partnership, 94
farm income (or loss), 128–129
Farm Optional Method, 186
federal estate tax exemption, 92–93
federal income tax, 18–20
federal income tax bill, 1
federal tax lien notice, 199
federal unemployment (FUTA) taxes, 183–184
fees
  for bonds, 73
  on IRS Form 1040 Schedule C, 153
  on Schedule 1, 131
  for tax advisors, 239
Fidelity, 57
Fidelity Freedom Funds and Fidelity Puritan, 73
Fidelity Low-Priced Stock, 70
Fidelity Overseas, 71
field audits, 206–207
FIFO. *See* first in, first out
finances, personal, 258
financial decisions, tax issues and, 9
financial management system, 259
financial safety, of funds, 62
financials, tracking, 9
first in, first out (FIFO) method, 149
flat-rate method, 151
flexible spending account, 45
foreign tax credit, 138
Forms, IRS. *See specific IRS Forms*
Free File Alliance, 228
Free File Fillable Forms, 228
FreshBooks, 248
FTC Complaint Assistant, 203
fund
  balanced, 72–73
  bond, 73–76
  companies, 62, 63, 65, 74
  costs, minimizing, 64–65

G

general partners (GPs), 37
generation-skipping transfer tax, 97
gifting, 97, 98
government officials, business expenses, 132
GPs. *See* general partners
Griswold, Robert (*Real Estate Investing For Dummies*), 84, 89
gross receipts, on IRS Form 1040 Schedule C, 148
group term life insurance, as an employee benefit, 45
growth stocks, value stocks vs, 69
guaranteed renewability, 42

H

Hand, Learned, 8
Harbor Capital Appreciation Institutional, 70
Health Care and Education Reconciliation Act, 42
healthcare provider choice, for health insurance plans, 42
healthcare reform, impact of, 42–43
healthcare reimbursement account, 44
HealthEquity, 189
health insurance agents, 44
health insurance mandate, 16
health insurance plans
  buying, 43–44
  healthcare reform impact, 42–43
  healthcare spending, 44–45
  plan attributes, 41–42
health maintenance organizations (HMOs), 42
health savings account (HSA), 44–45, 132–133, 177, 188–190, 250
high-income earner, defined benefit plans for, 55
hiring tax preparers, 229–230
HMOs. *See* health maintenance organizations
hobby loss, 163
  rules, 27
home expenses, 113
home office, 11, 78, 165
  controlling costs, 80
  cost comparisons, 82
  disadvantages of, 174–176
  discipline, 81
  IRS Form 8829, "Expenses for Business Use of Your Home," 166–167, 169–174
  local ordinance, 79–80
  separating work and personal life, 81
  simplified vs regular deduction, 168
  utilizing, 166–168
hotels, as an employee benefit, 46

household employment taxes, 183–185
H&R Block tax preparation and filing software, 248
HSA. *See* health savings account
hybrid method, 145

I

ID number, incorrect, 210–211
income (loss). *See also* adjustments to income
  declaring all, 219
  documenting, 109
  double-counted, 211
  exempt, 211
  incorrect, 211
  repeated, 174–176
  taxable, 18–19
income deduction, 125
income tax
  forms and returns, 7
  minimize, 8
  paying, 110–111
  rates, reducing individual, 13–14
income tax return, 119, 261
income verification notices, 196
index funds, 65
individual 401(k), 54–55
individual income tax rates, 13
individual retirement account (IRA), 11, 51, 54, 138
  deduction, 135
  distributions, 122
inheritance tax, 93–94
insurance (other than health), on IRS Form 1040 Schedule C, 156
interest
  on additional tax, 200
  deductions for, 16
  on IRS Form 1040 Schedule C, 156–157
intermediate-term bond funds, 75–76
Internal Revenue Service (IRS), 110, 117, 120, 129, 142, 181, 193, 195, 227–228
  collection efforts, 260–261
  correspondence with, 212–213
  errors, correcting, 210–215
  "Free File Program," 228
  hobby loss rules, 27
  jargon, 162
  phone scams, 202–203
  publications, 225–226
  rules and regulations, 260
  tax preparation sites, 228–229
  TaxTopics.net, 229
  "The Truth About Frivolous Tax Arguments," 220
  website, 10
international stock funds, 70–71
internet tax resources, 227
  Internal Revenue Service, 227–228
  research sites, 229
  TaxTopics.net, 229
interviewing tax advisors, 236–241
  areas of expertise, 237
  audits experience, 238–239
  fee structure, 239
  interpreting tax laws, 238
  liability insurance, 240
  other services, 236–237
  qualifications, 239–240
  references of clients, 241
  return preparation, 238
  tax services offered, 236–237
intestate, 95
investigatory expenses, 162
Investing For Dummies (Tyson), 121, 259
investment earnings, tax breaks on, 49
investment minimums, for funds, 62
investments
  selecting for retirement accounts, 61–76
  strategies, 259
  in wealth-building assets, 250
IRS. *See* Internal Revenue Service
IRS Form 668(F), "Notice of Lien," 199
IRS Form 706, "United States Estate (and Generation-Skipping Transfer) Tax Return," 99
IRS Form 709, "United States Gift (and Generation-Skipping Transfer) Tax Return," 98
IRS Form 940, "Employer's Annual Federal Unemployment (FUTA) Tax Return," 110, 183
IRS Form 941, "Employer's Quarterly Federal Tax Return," 23, 110, 183
IRS Form 944, "Employer's Annual Federal Income Tax Return," 23, 110, 183
IRS Form 1040, 26, 117
  adjustments to income, 131–136
  income lines, 119–125
  itemizing deductions, 119
  line 1: wages, salaries, tips, etc., 119–120
  line 2a: tax-exempt interest, 121
  line 2b: taxable Interest, 121
  line 7: capital gain (or loss), 124
  line 8: other income from Schedule 1, line 10, 124
  line 11: adjusted gross income, 124
  line 12a: standard deduction or itemized deductions (from Schedule A), 124–125
  line 13: qualified business income deduction, 125
  lines 3a and 3b: ordinary dividends and qualified dividends, 122
  lines 4a and 4b: total pensions and annuities, 122
  lines 5a and 5b: Social Security benefits, 122–123
  "new and improved," 117–119
  nonrefundable credits, 137–140

IRS Form 1040-ES, "Estimated Tax for Individuals," 10, 110, 176–177
completing and filing, 179–181
IRS website, 181
safe harbor method vs 90 percent rule, 178–179
IRS Form 1040, Schedule 1: Additional Income and Adjustments to Income
line 3: business income (or loss), 127–128
line 4: other gains (or losses), 128
line 5: rental real estate, royalties, partnerships, S corporations, trusts, etc., 128
line 6: farm income (or loss), 128–129
line 7: unemployment compensation, 129
line 8: other income, 129–130
line 13: qualified business income deduction, 125
IRS Form 1040, Schedule A, 45, 103, 119, 166, 219, 252
IRS Form 1040, Schedule C, 39, 247
IRS Form 1040, Schedule C-EZ, "Net Profit from Business (Sole Proprietorship)," 142–143
IRS Form 1040, Schedule C, "Profit or Loss From Business," 108, 141–144
basic information, 143–146
line 1: gross receipts or sales, 148
line 2: returns and allowances, 148
line 4: cost of goods sold, 148–149
line 6: other income, 149–150
line 8: advertising, 150
line 9: car and truck expenses, 150
line 10: commissions and fees, 153
line 11: contract labor, 153
line 12: depletion, 154
line 13: depreciation, 154–156
line 14: employee benefit programs, 156
line 15: insurance (other than health), 156
line 16a: mortgage interest, 156
line 16b: other interest, 156–157
line 17: legal and professional services, 157
line 18: office expense, 157
line 19: pension and profit-sharing plans, 157
line 21: repairs and maintenance, 158–159
line 22: supplies, 159
line 23: taxes and licenses, 159
line 25: utilities, 160
line 26: wages, 160
line 27: other expenses, 160
line 30: Form 8829, 160–161
lines 20a and b: rent or lease, 158
lines 24a and b: travel and meals, 159–160
lines 32a and b: at-risk rules, 161–163
Part II: expenses, 150–153, 161–163
Part I: income, 147
IRS Form 1040, Schedule E, "Supplemental Income and Loss," 37, 38
IRS Form 1040, Schedule F, "Profit or Loss from Farming," 128–129
IRS Form 1040, Schedule SE, "Self-Employment Tax," 130, 185–187
IRS Form 1040X, "Amended U.S. Individual Income Tax Return," 216
IRS Form 1065, "U.S. Return of Partnership Income," 37
IRS Form 1098, "Mortgage Interest Statement," 156
IRS Form 1099, 211
IRS Form 1099-DIV, 122
IRS Form 1099-INT, 121
IRS Form 1099-MISC, 147, 148, 153
IRS Form 1099-NEC, 130
IRS Form 1099-OID, 121
IRS Form 1099-R, 122, 123
IRS Form 1116, "Foreign Tax Credit (Individual, Estate, or Trust)," 138
IRS Form 1120S, "U.S. Income Tax Return for an S Corporation," 35, 36
IRS Form 1120, "U.S. Corporation Income Tax Return," 29, 30
IRS Form 2106, "Employee Business Expenses," 132, 154
IRS Form 2210, "Underpayment of Estimated Tax by Individuals, Estates, and Trusts," 211
IRS Form 2441, "Child and Dependent Care Expenses," 138–139
IRS Form 2553, "Election by a Small Business Corporation," 35
IRS Form 4506, "Request for Copy of Transcript of Tax Form," 116
IRS Form 4562, "Depreciation and Amortization," 142, 154, 162
IRS Form 4797, "Sales of Business Property," 128
IRS Form 4822, "Statement of Annual Estimated Personal and Family Expenses," 206
IRS Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return," 181
IRS Form 6198, "At-Risk Limitations," 161–163
IRS Form 6251, "Alternative Minimum Tax — Individuals," 22
IRS Form 8606, 135
IRS Form 8829, "Expenses for Business Use of Your Home," 156, 160–161, 166–167

allowable home office deduction, 170–171
carrying over left portion, 173–174
home office's depreciation allowance, 171
for homeowners, 170
line 37: home's value, 172
line 38: land not included, 172
line 39: building basis, 172
line 40: business portion of home, 172
line 41: depreciation percentage, 172–173
line 42: depreciation allowable, 173
part of home, 170
for renter, 169–170
use of form, 169–170
IRS Form 8832, "Entity Classification Election," 39
IRS Form 8863, "Education Credits (American Opportunity and Lifetime Learning Credits)," 139
IRS Form 8880, "Credit for Qualified Retirement Savings Contributions," 140
IRS Form 8881, "Credit for Small Employer Pension Plan Startup Costs and Auto-Enrollment," 53
IRS Form 8889, "Health Savings Accounts (HSAs)," 133, 188–190
IRS Form 8941, "Credit for Small Employer Health Insurance Premiums," 41
IRS Form 9465, "Installment Agreement Request," 217
IRS Form CP49, 195
IRS Form CP515, "Request for Your Tax Return," 197
IRS Form CP518, "You Didn't Respond Regarding Your Tax Return," 197
IRS Form CP2000, "Notice of Proposed Adjustment for Underpayment/Overpayment," 196
IRS Form CP2501, 196
IRS Form I-9, "Employment Eligibility Verification," 185
IRS Form SSA-1099, 123
IRS Form W-2, "Wage and Tax Statement," 119
IRS Form W-4, employee withholding, 182–183
"IRS News and Published Guidance," 261
IRS Notice 904, 205
IRS Publication 15-A, "Employer's Supplemental Tax Guide," 153
IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits," 46
IRS Publication 17: "Your Federal Income Tax," 225
IRS Publication 334, "Tax Guide for Small Business," 153, 225
IRS Publication 463, "Travel, Entertainment, Gift, and Car Expenses," 151, 158
IRS Publication 534, "Depreciating Property Placed in Service before 1987," 156
IRS Publication 535, "Business Expenses," 135, 154
IRS Publication 583: "Starting a Business and Keeping Records," 225
IRS Publication 587, "Business Use of Your Home," 171
IRS Publication 594, "The IRS Collection Process," 261
IRS Publication 946, "How to Depreciate Property," 156, 172, 173
IRS Publication 1450, "Certificate of Release of Federal Tax Lien," 199
IRS Publication 1779, "Independent Contractor or Employee Brochure," 153
IRS. *See* Internal Revenue Service
iShares, 72
iShares Currency Hedged MSCI EAFE (ETF), 71
issuer type, for bonds, 73
itemized deductions, 219, 251–253
Schedule A, 119, 124–125

J

Jackson Hewitt Online, 228
J. K. Lasser's Your Income Tax, 261
Joint Committee on Taxation, 229
joint tenants with a right of survivorship, 102

K

Kaiser Permanente, 44
Kurv, 246

L

large-cap stocks, 69
larger employers, employment taxes, 23
last in, first out (LIFO) method, 149
lease abstract, 89
lease estoppel, 89
leases, 82
commercial, 89–90
evaluating, real estate investor, 87–89
on IRS Form 1040 Schedule C, 158
negotiating, 83–85
office and retail space and, 82–83
transferability of, 87–89
leasing business space, 82–85
legal deductions, missing, 10–11
legal services, on IRS Form 1040 Schedule C, 157
leveraged ETFs, 67
levy source information, 218
liability exposure, for sole proprietorship, 28
liability insurance, 31–32, 240
liability protection, for corporations, 30–31
licenses, on IRS Form 1040 Schedule C, 159

licensing, for tax preparers, 232, 233
life insurance, 99
  agent conflicts of interest, 100–101
  with estate taxes, 101
  on Schedule 1, 130
lifetime learning credit, 139
LIFO. *See* last in, first out
limited liability companies (LLCs), 9, 13, 29, 37, 39, 94
limited partners (LPs), 37
living trusts, 102
living will, 96
LLCs. *See* limited liability companies
local ordinance, 79–80
local taxpayer advocate, 213–215
longer-maturity bonds, 74
long-term bond funds, 76
long-term care insurance, as employee benefit, 45
long-term care premiums, 134–135
loss. *See* income (loss)
lost return, 211
lower-credit-quality bonds, 74–75
low-income areas, tax breaks for businesses in, 256
LPs. *See* limited partners

M

maintenance, on IRS Form 1040 Schedule C, 158–159
manila file folder system, 113–114
marginal income tax rate, 19–20
marketplace, 41–42
market timing, ETFs and, 66
married couples, filing tax returns, 255
"Married Filing Jointly," 255
"Married Filing Separately," 255
material participation, 146
MBEs. *See* minority business enterprises
McCain, John, 16
meals
  as an employee benefit, 46
  and entertainment deductions, 16
  on IRS Form 1040 Schedule C, 159–160
medical coverage, 42
medical power of attorney, 96
medical reimbursement accounts, 44
Medicare tax, 43, 153, 183–185
medium-cap stocks, 69
MileIQ, 247
minority business enterprises (MBEs), 256
minority-owned businesses, 256
misapplied payments, 210
moderate-sized employers, employment taxes, 23
mortgage debt, 253
mortgage interest, 156
moving expenses, 133
municipal bonds, 19
mutual funds, for retirement accounts
  advantages, 61–63
  management experience, 64
  minimizing fund costs, 64–65
  risk in evaluating performance, 63–64

N

nanny tax, 184
National Association of Enrolled Agents, 233
National Conference of State Legislatures (NCSL), 24
National Federation of Independent Business, 14
National Governor's Association (NGA), 24
National Taxpayer Advocate, 7, 214
NCSL. *See* National Conference of State Legislatures
negotiating leases, 83–85
net operating losses (NOLs), 16, 162–163, 216
Nevada, incorporation in, 34
New-Markets Tax Credit (NMTC), 256
New Markets Tax Credit Coalition, 256
NGA. *See* National Governor's Association
NMTC. *See* New-Markets Tax Credit
no-load funds, 65
NOLs. *See* net operating losses
non-assessment notices, 200–203
  delinquent tax return notice, 201
  interest on additional tax, 200
  IRS phone scams, 202–203
nonprofit organization, 403(b) plans for, 56–57
nonrecourse loan, 130
nonrefundable credits, Schedule 3, 137–138
  line 1: foreign tax credit, 138
  line 2: credit for child and dependent care expenses, 138–139
  line 3: education credits, 139
  line 4: retirement savings contributions credit, 140
Notice 904, IRS, 205
notices, 193
  additional tax due, 201
  assessment (*see* assessment notices)
  balance due, 213
  components of, 194–195
  delinquent tax return, 201
  non-assessment, 200–203

O

Obama, Barack, 42
Obamacare, 16, 42, 43, 185
office audits, 205–206
office expense, on IRS Form 1040 Schedule C, 157

office leases, 84–85
One Big Beautiful Bill (2025), 1, 2, 11, 13, 82, 92
operating expenses, minimizing, 64–65
operating loss, 162–163
ordinary dividends, 122
overseas employment, 251
owners, sole proprietorships and numbers, 28

P

partially corrected errors, 211
partnerships, 13, 37–38, 128
pass-through entities, 32
  deduction for, 14–15
  S corporations, 34–37
Patient Protection and Affordable Care Act, 42
payable-on-death (POD), 102
PayPal, 246
Payroll (software), 247
Payroll Protection Program, 79
payroll, resources for, 260
payroll (employment) taxes, 110–111
pension plans, on IRS Form 1040 Schedule C, 157
pensions, taxable, 122–123
performance, role of risk in evaluating, 63–64
performing artists, business expenses, 132
Personal Finance For Dummies (Tyson), 52, 53, 109, 258
personal finances, 258
  separating from business finances, 108–109
personal life, separating from work life, 81
phone scams, 202–203
POD. *See* payable-on-death
power of attorney, 96
PPOs. *See* preferred provider organizations
preferred provider organizations (PPOs), 42
premiums, health insurance, 42
preparing your own return, benefits of, 224–225
price fluctuations, ETFs and, 66
privacy, home office and, 81
private activity bonds, 121
prizes, on Schedule 1, 130
probate, assets, 102
Problem Resolution Program, 214
processing sales with apps/software, 246
professional management, of funds, 62
professional services, on IRS Form 1040 Schedule C, 157
profit-sharing plans, on IRS Form 1040 Schedule C, 157
profits, taxes on, 28
prospectuses, 64
publications, IRS, 225–226. *See also specific publications*

Q

qualified business income deduction, 125
qualified dividends, 122
qualified plans, as adjustments to income, 134
QuickBooks, 114, 247, 259
QuickBooks by Intuit, 247
Quicken, 114, 259
Quicken WillMaker & Trust (Nolo), 104

R

random statistical audits, 207
real estate, 11, 77
  buying business property, 85–90
  investor, evaluating leases, 89–87
  leasing business space, 82–85
  returns, estimating, 59
  working from home, 78–82
Real Estate Investing For Dummies (Tyson and Griswold), 84, 89
real return, 58
record-keeping systems, 113–114
refund, 18
  mills, back-street, 222
rental real estate, on Schedule 1, line 5, 128
rent, on IRS Form 1040 Schedule C, 158
rent-versus-buy analysis, 86–87
repairs, on IRS Form 1040 Schedule C, 158–159
replacing lost business records, 115–116
required minimum distributions (RMDs), 18
research sites, 229
reservists, business expenses, 132
resources, recommended, 257–261
retail businesses, leasing, 83
retirement accounts, 9, 47
  401(k) plans, 54–56
  403(b) plans, 56–57
  advantage of, 9
  asset allocation and, 67–68
  balanced funds, 72–73
  bond funds, 72–76
  choosing investments for, 61–76
  defined benefit plans, 55
  as employee benefit, 40–41
  exchange-traded funds, 66–67, 71–72
  forsaking, 11
  funding, 250
  guidelines for saving, 51–52
  index funds, 65
  individual 401(k), 54–55
  maximizing value of, 53
  mutual funds for, 61–65
  ongoing tax breaks, 49
  options for, 52–57

retirement accounts *(continued)*
penalties for early withdrawals, 50–51
return expectations for, 57–60
selecting investments for, 61–76
SEP-IRAs, 54
SIMPLE plans, 54
stock funds, 69–71
tax credits for lower-income earners, 49–50
upfront tax breaks, 48–49
retirement plan
birth/adoption of child, 17
increase in contribution limits, 17
retirement savings contributions credit, 140
returns
on IRS Form 1040 Schedule C, 148
preparation of, 238
returns, investment, 57
bond returns, 58
compounding, 59–60
estimating, 57–58
real estate returns, 59
stock returns, 58–59
revenues, 107. *See also* accounting system
risks
ETFs and, 67
role of in evaluating performance, 63–64

S

safe harbor rule, 178–179
sales
on IRS Form 1040 Schedule C, 148
load, 65
processing with apps/software, 246
taxes, 24, 110–111
SALT. *See* state and local taxes
Saver's Tax Credit, 49–50
saving, guidelines for, 51–52
savings incentive match plans for employees. *See* SIMPLE plans
saving tax records, 114
Schell, Jim (*Small Business For Dummies*), 80, 258
S corporations, 9, 13, 34, 128
requirements, 35, 37
tax specifics, 35, 36
secret lien, 199
section 179 rules, 15, 155
SECURE Acts of 2022 and 2019. *See* Setting Every Community Up for Retirement Enhancement (SECURE) ACT of 2019 & 2022
self-employed SEP, as adjustments to income, 134
self-employment
cutting corners if self-employed, 220–221
expenses for, 254–255
health insurance deduction, 134–135
line 1: wages, salaries, tips, etc., 119–120
retirement plan, 52
taxes, 23, 133–134, 185–187
SEP-IRA plan. *See* simplified employee pension individual retirement account plan
SEP. *See* simplified employee pension
services, offered by tax advisors, 236–237
Setting Every Community Up for Retirement Enhancement (SECURE) ACT of 2019 &2022, 1, 17–18
setting up
record-keeping systems, 113–114
trusts, 101–103
short-term bond funds, 75
"Shredding the 2023 Tax Return" party, 114
sideline business, 27
Siegel, Jeremy, 58
SIMPLE plans, 54, 157
as adjustments to income, 134
withdrawing from, 50
simplified employee pension (SEP), 134
simplified employee pension individual retirement accounts (SEP-IRAs) plan, 41, 54
single-owner LLCs, 39
small business, 1
accounting system, 108–112
estate tax treatment, 94–95
leasing space, 82–85
owners, SECURE Acts and, 17–18
real estate, 85–90
taxes, 7–8
tax records, 112–116
Small Business For Dummies (Schell & Tyson), 80, 86, 258
small-cap stocks, 69
smaller employers, employment taxes, 23
Social Security, 153
benefits, 123
incorrect number, 210–211
website, 123
software
buying, 226–227
Electronic Merchant Systems' EMSplus, 246
for estate planning, 104
Expensify, 245–246
FreshBooks, 248
H&R Block tax preparation and filing software, 248
Kurv (Electronic Merchant Systems' EMSplus), 246
MileIQ, 247
PayPal, 246
Payroll, 247
QuickBooks, 247
recommended, 247–248

Square, 246
Stripe, 246
TurboTax Premium, 248
sole proprietorship, 9, 13
advantages of, 26
disadvantages of, 28
spending, 9
healthcare, 44–45
spouse, leaving assets, 99
Square, 246
standard deduction, 124–125
standard mileage rate, 151–152
start-up expenses, 161–162
state and local taxes (SALT), 11, 82
state differences, in tax records, 115
state income taxes, 20–21
State Street Global Advisor SPDRs, 72
state tax authorities, 23
statute of limitations, on audits, 210
statutory lien, 199
stepped-up basis, 97
stock funds
international, 70–71
selecting, 69–71
U.S., 70
stock returns, estimating, 58–59
The Streamlined Sales Tax Governing Board, 24
Stripe, 246
student loan interest deduction, 135–136
subpar tax software programs, 227
supplemental income, 128
supplies, on IRS Form 1040 Schedule C, 159

T

taxability, for bonds, 73
taxable estate, 93
taxable income, 18–19
taxable interest, 121
tax advisors, 261
audit triggers, 221
for estate planning, 103–104
filing when not necessary, 198
finding, 235–236
for incorporation, 34
interviewing, 236–241
using effectively, 12
tax attorneys, 233, 234
tax benefit rule, 216
tax bill, 1–2
tax brackets and rates, 2026 federal income, 14
tax breaks, 48–49
Tax Court, 159, 163, 209
tax credits, for lower-income earners, 49–50
Tax Cuts and Jobs Act (2017), 1, 12, 13, 21, 22, 27, 82, 92, 133, 159, 175, 252
taxes, 8. *See also specific types*
corporate, 32–33
on IRS Form 1040 Schedule C, 159
preparing with H&R Block tax preparation and filing software, 248
on profits, 28
reducing, 111–112, 249–256
small-business decisions and, 9
state income, 20–21
total, 18–19
unable to make payment of, 217–218
tax-exempt interest, 121
tax issues, financial decisions and, 9
tax laws, 7, 17–18, 238
tax mistakes, 10–12
decisions without expert input, 10
legal deductions, missing, 10–11
neglecting events timing, 11–12
not using tax advisors, 12
real estate, not owning, 11
retirement accounts, 11
withholding taxes, 10
taxpayer advocate, 198, 213–215
taxpayer advocate caseworkers, 214–215
Taxpayer Assistance Order (TAO), 215
Taxpayer Bill of Rights, 208
tax planning year-round, 8–12
tax practitioners, 231–232
certified public accountants, 233–234
enrolled agent, 233
qualified, 235
tax attorneys, 234
unenrolled preparers, 232–233
tax-preparation software, 226–227
tax preparers/professionals, 222, 231
finding tax advisors, 235–236
hiring, 229–230
interviewing tax advisors, 235–241
websites, 228–229
tax protesters, 220
tax rate, marginal, 19–20
tax records
"complete and accurate" return, 112–113
replacing lost, 115–116
saving, 114–115
setting up a record-keeping system, 113–114
state differences for, 115
tax-reduction opportunities, 249
charitable contributions and expenses, 254
consumer debt, 253
funding retirement accounts, 250
health savings account, 250
itemizing deduction, 251–253
low-income areas, 256

tax-reduction opportunities *(continued)*
married couples filing separately, 255
minority-owned businesses, 256
mortgage debt, 253
overseas employment, 251
self-employment expenses, 254–255
wealth-building assets, 250
tax-reduction strategies and rules, 223–234
benefits of preparing your own return, 224–225
buying software, 226–227
hiring tax preparers, 229–230
internet tax resources, 227–229
using IRS publications, 225–226
Tax Reform Act (1986), 12–13
tax reform bill (2017), 16
tax returns
amending, 215–216
lost, 211
software, 227
your own return, 224–225
tax-saving guidelines, 48–52
tax-sheltered annuities. *See* 403(b) plans
TaxTopics.net, 229
tax withholding, 10, 182
for employees, 183, 260
Form W-4, employee withholding, 182–183
household employment taxes: Schedule H, 183–185
tax write-offs, 27
TCJA. *See* Tax Cuts and Jobs Act
term life insurance, 99–101
territorial tax structure, 13
TIGTA. *See* Treasury Inspector General for Tax Administration
total taxes, 18–19
Totten trust, 102
tracking
business financials, 9
expenses with apps/software, 245–246
tax information, 114
transactions, managing with apps/software, 246
transferability, of leases, 87–89
travel
as employee benefit, 46
on IRS Form 1040 Schedule C, 159
to a second job, 152–153
to a temporary job site, 153
Treasury Inspector General for Tax Administration (TIGTA), 202, 203
triple-net lease, 84
T. Rowe Price, 57
T. Rowe Price Balanced and T. Rowe Price Retirement funds, 73
truck expenses, on IRS Form 1040 Schedule C, 150–153
Trump, Donald, 16
trusts
charitable, 103
living, 102
on Schedule 1, line 5, 128
setting up, 101
TurboTax, 227, 261
TurboTax Premium, 248
Tyson, Eric
Investing For Dummies, 121, 259
Personal Finance For Dummies, 52, 53, 109, 258
Real Estate Investing For Dummies, 84
Small Business For Dummies, 80, 258
website, 63

U

UMB Bank, 189
unemployment compensation, 129
unenrolled preparers, 232–233
UnitedHealth, 44
United States Treasury, 179
unlimited marital deduction, 99
U.S. Citizenship and Immigration Services, 185
U.S. Department of Labor, 111
use tax, 24
U.S. stock funds, 69, 70
utilities, on IRS Form 1040 Schedule C, 160

V

valued benefits, 40
value stocks, growth stocks vs, 69
Vanguard, 57, 65, 72
Vanguard Dividend Appreciation Index Fund, Total Stock Market Index, Primecap, Selected Value, and Strategic Equity, 70
Vanguard Global Equity, International Growth, Total International Stock Index, FTSE All-World ex-U.S. (EFT) and Total International Stock (ETF), 71
Vanguard Intermediate-Term Corporate Bond ETF, 76
Vanguard Life Strategy Funds, Target Retirement, Star, Wellesley Income, and Wellington, 73
Vanguard Long-Term Corporate Bond ETF, 76
Vanguard Long-Term Investment-Grade fund, 76
Vanguard Short-Term Corporate Bond ETF, 75
Vanguard Short-Term Corporate Bond Index fund, 75

Vanguard Total Bond Market Index and ETF, 76
viatical settlements, 130
voluntary disclosure, 201

W

W-2, 119, 120, 127, 151, 184
wages, on IRS Form 1040 Schedule C, 160
Ways and Means Committee, 229
wealth-building assets, investing in, 250
websites
depreciation tables, 155
Dodge & Cox Balanced, 72
Dodge & Cox Income, 76
Dodge & Cox International, 71
Dodge & Cox Stock, 70
Electronic Federal Tax Payment System, 23
Electronic Merchant Systems' EMSplus, 246
Eric Tyson, 63
Expensify, 245–246
ezTaxReturn, 228
Fidelity, 57
Fidelity Freedom Funds and Fidelity Puritan, 72
Fidelity Low-Priced Stock, 70
Fidelity Overseas, 71
Free File Alliance, 228
FreshBooks, 248
FTC Complaint Assistant, 203
Harbor Capital Appreciation Institutional, 70
H&R Block tax preparation and filing software, 248
Intermediate-Term Corporate Bond Index and ETF, 76
Internal Revenue Service (IRS), 10, 110, 119, 195, 217, 225, 228
IRS Form 706, "United States Estate (and Generation-Skipping Transfer) Tax Return," 99
IRS Form 709, "United States Gift (and Generation-Skipping Transfer) Tax Return," 98
IRS Form 1040-ES, "Estimated Tax for Individuals," 178
IRS Form 1040 Schedule E, "Supplemental Income and Loss," 37
IRS Form 1040 Schedule F, "Profit or Loss from Farming," 128
IRS Form 1116, "Foreign Tax Credit (Individual, Estate, or Trust)," 138
IRS Form 2441, "Child and Dependent Care Expenses," 138
IRS Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return," 181
IRS Form 8829, "Expenses for Business Use of Your Home," 166
IRS Form 8880, "Credit for Qualified Retirement Savings Contributions," 140
IRS Form 8881, "Credit for Small Employer Pension Plan Startup Costs and Auto-Enrollment," 53
IRS Form 8889, "Health Savings Accounts (HSAs)," 188
IRS Form 8941, "Credit for Small Employer Health Insurance Premiums," 41
IRS Form 9465, "Installment Agreement Request," 217
IRS Form I-9, "Employment Eligibility Verification," 185
"IRS News and Published Guidance," 261
IRS Publication 594, "The IRS Collection Process," 261
iShares, 71, 72
Jackson Hewitt Online, 228
Joint Committee on Taxation, 229
Kurv, 246
MileIQ, 247
National Association of Enrolled Agents, 233
New Markets Tax Credit Coalition, 256
PayPal, 246
Payroll, 247
QuickBooks by Intuit, 247
Quicken WillMaker & Trust (Nolo), 104
research, 229
Social Security, 123
Square, 246
State Street Global Advisor SPDRs, 72
state tax authorities, 23
The Streamlined Sales Tax Governing Board, 24
Stripe, 246
taxpayer advocate, 215
Taxpayer Bill of Rights, 208
T. Rowe Price, 57
T. Rowe Price Balanced and T. Rowe Price Retirement, 73
"The Truth About Frivolous Tax Arguments," 220
TurboTax, 261
TurboTax Premium, 248
U.S. Citizenship and Immigration Services, 185
U.S. Department of Labor, 111
Vanguard, 57, 65, 72
Vanguard Dividend Appreciation Index Fund, Total Stock Market Index, Primecap, Selected Value, and Strategic Equity, 70
Vanguard Global Equity, International Growth, Total International Stock Index, FTSE All-World ex-U.S. (EFT) and Total International Stock (ETF), 71
Vanguard Intermediate-Term Corporate Bond ETF, 76
Vanguard Life Strategy Funds, Target Retirement, Star, Wellesley Income, and Wellington, 73

websites *(continued)*
Vanguard Long-Term Corporate Bond ETF, 76
Vanguard Long-Term Investment-Grade fund, 76
Vanguard Short-Term Corporate Bond ETF, 75
Vanguard Short-Term Corporate Bond Index fund, 75
Vanguard Total Bond Market Index and ETF, 76
Ways and Means Committee, 229
Wolters Kluwer Tax & Accounting, 229
will, assets, 95–96
WillMaker Plus, 104
withdrawal penalties, retirement account, 50–51
withholding. *See* tax, withholding
Wolters Kluwer Tax & Accounting, 229
working from home, 78–82
work life, separating from personal life, 81
Wyoming, incorporation in, 34

Y

year-round tax planning, 8–12
years to maturity, for bonds, 73
yield-chasing, 74–75

Z

zero coupon bonds, 121