

News You Can Use



Brought to you by Clairmont, Paciello & Co., PC

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Tracking Your Expenses When operating a Business

Accurate expense tracking is the foundation of solid business because it lets you keep track of deductions, prepare tax returns and make your filings legitimate. But expense tracking is often overlooked. You should pay particular attention to the following categories of expenses.

Meals and entertainment. Business meetings are often held in restaurants. Be sure to document these meetings well by noting who attended and the purpose of the meetings.

Travel. The IRS doesn't like people who claim personal activities as business expenses, so be sure to use your travel receipts to provide documentation of your business activities.

Vehicle expenses. If you use a personal vehicle for business, be sure to record where, when and why you used the vehicle for business. Then calculate the percentage of your vehicle used for business and apply that to all expenses (such as insurance and gas).

Gifts. When giving a gift (such as tickets to a sporting event), it's only considered a gift if you don't attend the event; otherwise, it's considered entertainment.

Home office. Running a business from your home offers some unique tax breaks. You can deduct the portion of your home that's used for business as well as things like the internet and phone. But as with vehicle expenses, you must calculate the percentage of your home used for business, then apply that percentage to the expenses.

It's a good idea to establish a solid system to organize your receipts. This system can be simple (Excel) or you can use a service like Shoeboxed.

5 Tips to Start the New Year Right with Self-Care

Happy New Year! Time to think about what goals and habits you want to incorporate into your lifestyle. Healthy eating, healthy living and finding the right work-life balance are important for all types of business owners. Here are some tips to weave into your resolutions for 2022.

Exercise daily. Start your day with an active workout. The CEO of Virgin Group, Richard Branson, swears by it. It's a good way to get yourself ready for the day both mentally and physically. Not only does it contribute to a healthy lifestyle, but it also eases stress and anxiety.

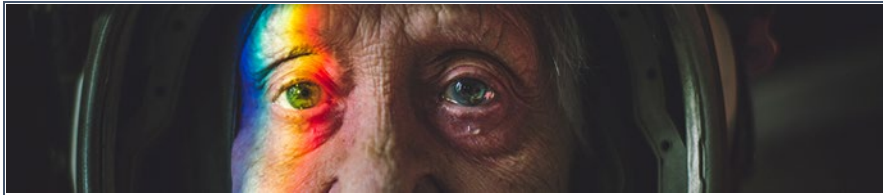
Take time for yourself. When starting a business, we are suckers for wanting to dedicate every single waking moment to it, but the only thing this guarantees is burnout. This year, make sure you set some time aside every week to focus on yourself.

Get some sleep. Late nights will have to happen occasionally, but whenever you can, give yourself a bedtime and stick to it. You'll wake up refreshed, less stressed and ready to work!

Stick to a routine. Routines are so important, but it's easy to wake up and skip breakfast, journaling or yoga. This sets the tone for your whole day! A routine helps you feel centered and in control, which helps in the office as well as at home!

Meditate. It can be hard to set aside even 10 minutes for some meditation, but a little bit of breath work goes a long way. It helps you de-stress and relaxes you after a stressful day.





Wally Funk Proves It's Never Too Late to Achieve Your Goals

When chasing goals, regular mental stumbling blocks many people come across are the thought that they're running out of time or that it's too late for them to do the things they always dreamed of.

Enter Wally Funk, the 82-year-old space traveler who has smashed those concepts to smithereens by becoming the oldest woman ever to fly in space.

The pioneering aviator with a rock star-like name launched into space aboard the *New Shepard*, a private spaceship financed by Amazon tycoon Jeff Bezos.

Bezos also happened to be on the spacecraft built by private space flight company Blue Origin. This was far from a fleeting moment for Funk, though; rather, it was the culmination of six decades of work towards her dream of entering space.

Funk was part of the famous Mercury 13, a group of female pilots who undertook astronaut tests in the 1960s during the Cold War space race. She'd also unsuccessfully attempted to join NASA's astronaut corps four times, having trained in both Russia and America.

In the years since, Funk has clocked an incredible 19,600 hours as a pilot and is believed to have taught at least 3,000 people to fly, some of whom were present at the landing site to welcome her back when *New Shepard* finally returned home.

The octogenarian was described by Bezos as having outshone the rest of her *New Shepard* crewmates despite being three decades older than the oldest of them.

Her determination and drive to finally accomplish her goal almost six decades later is an inspiration to all of us making resolutions and reexamining our goals for this new year. Even if it may seem impossible, never stop working towards your goals.

Welcome New Clients and Thank you for Referring!

We love giving recognition to our new friends and our wonderful existing clients who are kind enough to refer their friends and relatives to us! We are all helping each other, which is the whole point. Since last month we were fortunate to welcome 15 new tax clients and 27 new business clients. They became members of our firm's accounting and financial planning family. We'd like to welcome them and thank all the people who have referred business to us.

As you may know, marketing for new clients costs a great deal of money, time and energy. We, like any business, need to get new clients to stay in business. Over the years, we have found that marketing takes away from the time we would rather be spending with you. We have learned that by encouraging you to refer your friends and relatives to us works for all of us. We help you, and you help us. Thank you.

GOSSIP

Organizers! We have uploaded most of the organizers to the portal in your secure drawer. If you would like a paper copy or need instructions for the portal please call the office or email Lisa@cpcfinancial.com.

Items needed for your tax return this year:

Economic Stimulus Payment letter 1444C. This was mailed to you when you received your payment. If you do not have the letter, please make sure you let us know how much money you received.

Advanced Child Tax Credit letter. The IRS is mailing these letters in January 2022 to anyone who received advanced child tax payments in 2021. These payments started in July 2021.



Share the experience!

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10 Steps to Set Up (or Review) Your Accounting

If you've just launched a new business, or if you have an established business, congratulations! It took passion and perseverance to get where you are today. As you know, however, small business owners often have a number of milestones to achieve. If you haven't done so already, one such milestone you may want to tackle is getting on top of the accounting tasks that come with owning and operating a small business. Here are 10.

Get the necessary bank accounts. Having separate bank accounts keeps business and personal records separate and will make your life easier when it's tax time.

Track expenses. A key tenet of solid business bookkeeping is accurate expense tracking. From the start, establish an accounting system for organizing receipts. This process can be old-school (bring on the paper), or you can use an app.

Use a bookkeeping system. As a business owner, you'll need to manage your books. You can choose an Excel spreadsheet, use software like QuickBooks or outsource to a part-time bookkeeper. When your business is big enough, you can hire an in-house bookkeeper.

Set up payroll. When you need outside help, you can hire an employee or an independent contractor. Either way, understand how each is treated from a payroll perspective. For employees, you'll have to set up a payroll schedule and ensure you're withholding the correct taxes. For independent contractors, you may be required to file 1099s at year-end.

Figure out how you'll get paid. If you sell products online, you may want a way to accept credit card payments. Shopify Payments accepts debit and credit card orders. Alternately, you can get a merchant account or use a third-party payment processor like PayPal, Stripe or Square. Fees vary.

Understand sales taxes. If you sell online, customers may be located in different cities, states and countries. Determine if you operate your business in an origin-based state (meaning you charge sales tax based on the state where you run your business) or a destination-based state (meaning you charge sales tax based on the purchaser's location). International purchases are tax-exempt for U.S.-based businesses.

Decide how you'll pay taxes. If you're a sole proprietorship, LLC or partnership, you'll claim business income on your personal tax return. If you're a corporation, your income from the corporation is taxed as an employee.

Get accounting help. If you need some extra accounting guidance, consider enlisting a certified public accountant (CPA), bookkeeper, tax preparer and/or tax attorney.

Apply for a loan. Sometimes a growing business needs to secure external financing. You can obtain that through a line of credit, investors or a small business loan.

Keep reviewing your methods. When you first start out, you may keep things simple, perhaps tracking expenses with a spreadsheet. But as you grow, you'll want to consider more advanced methods like QuickBooks.

Completing these accounting steps will give you the confidence to know you've covered your bases and are ready to move on to the next item on your small business finance to-do list.

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Quick Quiz

For an answer, email me at Lisa@cpcfinancial.com
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You can learn to be creative. True or false?

Time for a Digital Declutter? Here's a Checklist

In the spirit of New Year's resolutions, it may be time to digitally declutter your life. But what is a digital declutter, and do you need one? Well, does the thought of checking your email fill you with fear? Is your desktop full of unnamed and unrecognizable files? When someone asks you for an important document, does it take you at least 10 minutes of looking through your downloads to find it? If this sounds even a little bit like you, it's time for a clear-out.

Digital decluttering is removing unnecessary technology from your gadgets. This could be unused apps, WhatsApp groups or computer files. It may feel quite daunting to try and tackle it, but if you follow this checklist, you'll be able to break it down into bite-sized pieces for you to ctrl-alt-delete yourself into digital peace!

Delete the apps that are no longer relevant on your phone. It doesn't matter if you've already paid for them. If you haven't used them since June, tap delete.

Remove old images. It's easy to hoard old photos. Try putting them into folders for easy access or uploading them to a hard drive.

Delete old contacts. Your dad's old, old number and the acquaintance from your job as a teenager can probably go.

Set up a filing system. Yes, this sounds boring, but once you've done it, you'll feel lighter! Then any new thing can go straight into it. And if you can't file them – file them in the wastebasket!

Delete old bookmarks. Especially the offers that are two years out of date and the websites you've never visited. Save the bookmarks bar for the important sites.

Declutter your feed on social media. You're allowed to unfollow the people who cause you stress. It doesn't matter if you went to school with them 10 years ago!

Unsubscribe to newsletters you don't read. Not only will this bring down your notifications, it will also help you read the newsletters you like.

Create inbox folders. They may seem fiddly, but they become very useful when handling multiple clients or looking for that important email.