



# 6 Tips to Prepare for Taxes

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## Open A Tax Account

The best way to prepare for taxes is to start setting aside money for them right now. Open a separate bank account specifically for taxes, and start allocating a certain percentage of your income into it on a regular schedule (we suggest every two weeks). You can calculate the percentage your business should allocate, but we recommend 15%. (Reach out to us to learn how you can do this in your business.)

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## Save More For Taxes Than You Think You'll Need

It is always better to be over-prepared than underprepared. Saving a high percentage for taxes ensures that you have enough money for taxes, and may even be able to pay yourself back a bonus if you end up having a surplus at tax time. Behaviorally, it feels a lot better to pay taxes directly from the business and sometimes even be rewarded for your preparedness. We've even had a client who did this and had 3 times as much saved for taxes as she needed, and she was able to reward herself-all while running a profitable business throughout the year!

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## Keep Your Business and Personal Accounts Separate

Keeping your business and personal accounts/finances separate is good advice in general, but especially important when it comes to preparing for taxes. Separate business accounts help you better estimate taxes, pay the right amount, and keeps your finances more organized and accurate. It also prevents you from stealing from your personal money to pay for business expenses!





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## Don't Run Up Expenses to Cut Taxes

This is one of the most damaging money myths out there. Many business owners have been told that you need to "spend money to make money". While of course this is true from the standpoint of some business aspects, it is illogical when it comes to taxes. Running up expenses to reduce taxes is the same as spending \$10 to save \$3. It is very damaging to the business. The goal is to run the business as profitably as possible (that is the only way to achieve financial freedom.) by creatively and carefully cutting down your expenses so that you can make more while spending less.

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## Keep A Record of Everything!

We cannot stress this enough: keeping a record of everything makes tax time so much easier. Whether you or your accountant are taking care of taxes, you don't want to be in a position where you need a bunch of different documents from last year and you have no idea where they are. KEEP A RECORD. Ideally, you should be keeping an organized digital record of everything and making sure it is in a secure place!

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## Figure Out Due Dates!

Knowing the deadlines of your payments and taxes can save you a lot of time, stress, and-you'll never believe it-money! No one wants to pay even more money because they missed their tax deadline, but too many fall prey to not being prepared for the due dates. Use the last 5 tips to become better prepared for taxes so that you can eliminate that stress from your business!

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We help businesses prepare for taxes, destroy debt, and increase profits with the Profit First system.

Schedule a **FREE Profit Call** with us today to learn more!



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