

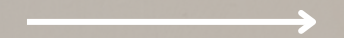
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By Kisha West, EA

# How The Tax System Works & How to Make it work for you!



**VIRTUOUS**  
TAX & FINANCIAL SERVICES





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# KISHA WEST

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- SERVANT LEADER
- ENROLLED AGENT & OWNER OF VIRTUOUS TAX FINANCIAL SERVICES LLC
- WEALTH AMBASSADOR @ NEW WEALTH UNIVERSITY
- BOY MOM

A man's gift makes room for him, And brings him before great men- Proverbs 18:16

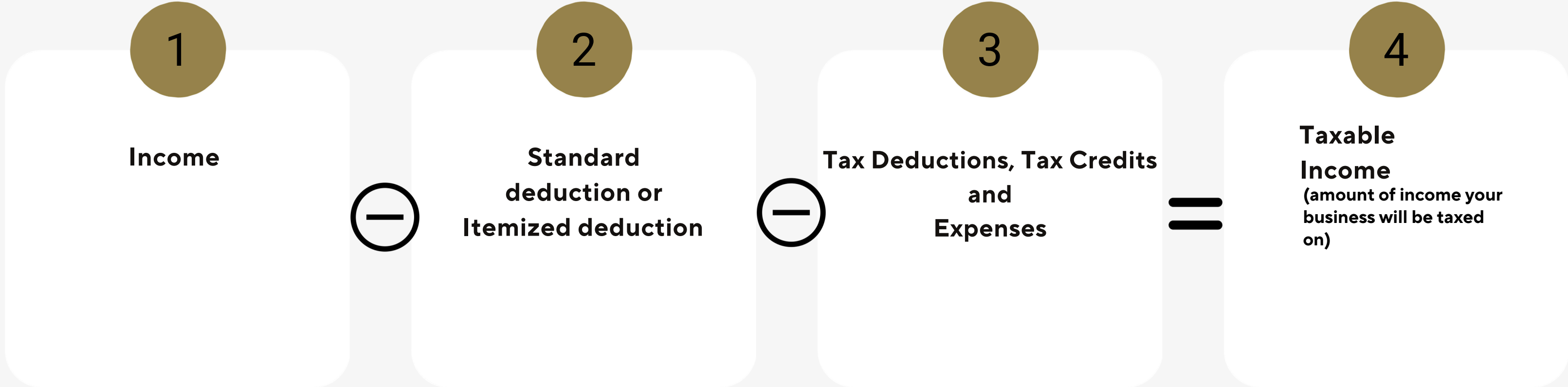


# OBJECTIVE



1. **Discuss the Tax System Breakdown**
2. **Discuss The Filing Statuses**
3. **Discuss How to make the Tax System Work for YOU.**

# Tax Breakdown





# INCOME

**The total amount of money received  
for the year.**



# TYPES OF INCOME

## EARNED



- **Salaries and wages income**
- **Business income**
- **Independent contractor income**
- **Commissions**
- **Bonuses**
- **Tips**
- **Trading time for money**

## UNEARNED



- **Unemployment income**
- **Interest**
- **Capital gains**
- **Gambling winnings**
- **Alimony**
- **Pensions**
- **Annuities**
- **Social security benefits**



# TAX DEDUCTIONS

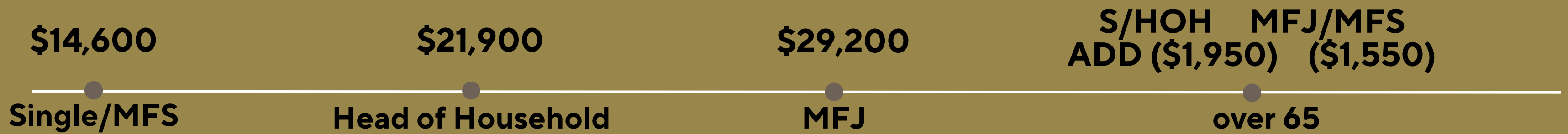
**An amount that you can deduct from your taxable income to lower the amount of taxes that you owe.**



# 2024

How The Tax System Works

## STANDARD DEDUCTION



# ITEMIZED DEDUCTIONS

**Eligible expenses that individual taxpayers can claim on federal income tax return and decrease their taxable income, and are claimable in place of a standard deduction.**



# ELIGIBLE EXPENSES

- **Mortgage interest**
- **Charitable contributions**
- **Medical/dental expenses**
- **Disaster losses**
- **Property taxes**

# OTHER TAX DEDUCTIONS

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- **Student loan interest**
- **Traditional IRA contributions**
- **HSA contributions**
- **Gambling losses to the extent of gambling winnings**
- **Half of self employment taxes**



# TAX CREDITS

**A dollar amount that you can subtract from your income tax to reduce your overall tax liability dollar for dollar.**

# TAX CREDITS

- **Nonrefundable Tax Credits**
- **Refundable Tax Credits**
- **Partially Refundable Tax Credits**



# BUSINESS EXPENSES

**According to the IRS, ORDINARY & NECESSARY  
costs to operate your business.**

# TAXABLE INCOME

**The amount of income subject to tax, after deductions and exemptions.**

# SELF EMPLOYMENT TAX

- the imposed tax that a small business owner must pay to the federal government to fund Medicare and Social Security.

**SELF EMPLOYMENT TAX RATE= 15.3%**  
**MEDICARE-12.4%**  
**SOCIAL SECURITY -2.9%**



# ESTIMATED TAX PAYMENTS

- is a quarterly payment of taxes for the year based on the filer's reported income for the period.

## WHO HAS TO PAY

- individuals and business owners (sole proprietors) expected to owe more than 1,000 dollars in taxes.
- corporations expected to owe more than 500 dollars in taxes.





**CLASS**

*activity*

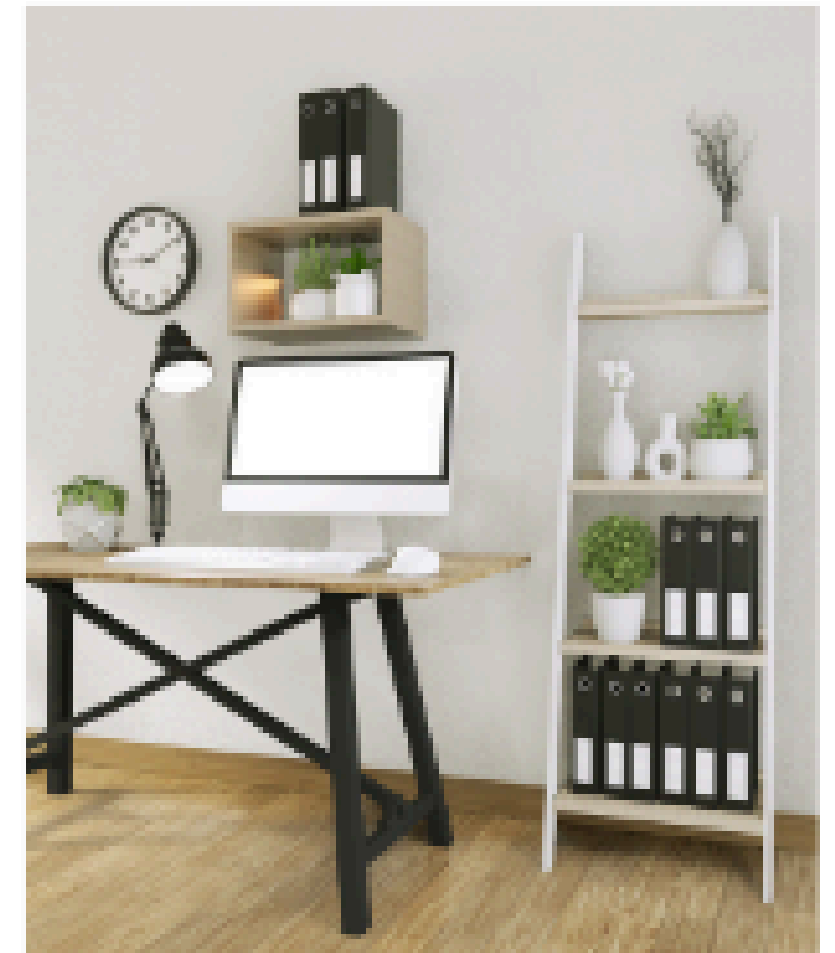


MAKE THE TAX SYSTEM  
WORK FOR YOU AS A  
BUSINESS OWNER!

# Business Tax Deductions



# Office Furniture and Decor





# BUSINESS PARAPHERNALIA




# **BUSINESS TRAVEL**

- **Air Fare, train, bus or car, taxis**
- **Shipping of baggage**
- **Lodging hotel expenses**
- **Conference/Seminar ticket price**
- **Business Meals**
- **Dry cleaning and laundry**
- **Tips you pay for services related to the business**



# EMPLOYEE SALARIES & CONTRACTOR FEES



A close-up photograph of a hand holding a silver metal clip over a white document. The document features the text 'QBI DEDUCTION' in a large, bold, black sans-serif font. Below the text is a horizontal line. In the background, there is a blue folder, a yellow pen, and a blurred document with a blue bar chart and a yellow paperclip.

**QBI DEDUCTION**

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# HOME OFFICE TAX DEDUCTION



# Business use of Vehicle



Laying the foundation for your business

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- 1. Choose Business Entity Type**
- 2. Open Business Bank Accounts**
- 3. Obtain an Accounting System**
- 4. Hire a Trustworthy Tax Professional**

# Business Entity Types



## Sole Proprietorship

This entity type is owned by one person.

There is no legal distinction between the individual owner and the business entity.

This entity type is not required to be registered with the Secretary of State.





# Business Entity Types



## **Single -member (LLC)**

This entity type is owned by one person.

There is limited protection for the member, except for malpractice.

This entity type is required to be registered with the Secretary of State.



# Business Entity Types



## Multi-member LLC

This entity type is owned by an unlimited amount of people. It's a separate legal entity from its owners, but not a separate tax entity. It operates as a partnership.

This entity type is required to be registered with the Secretary of State.





# Business Entity Types



## General Partnership

This entity type is owned by two or more people that agree to share responsibilities, assets, profits, and financial and legal liabilities of a jointly- owned business.

This entity type is not required to be registered with the Secretary of State.

# Business Entity Types

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## **S Corporation**

This is an election that must be made by completing form 2553.



# Business Entity Types

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## **C Corporation**

A type of entity that is taxed separately from its owners and is required to follow corporate procedures and keep corporate records.

This entity type must be registered by the Secretary of State



## Opening a business bank account

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- 1. Articles of Organization**
- 2. Employer Identification Number Letter**
- 3. Operating Agreement**
- 4. NAICS Codes**
- 5. Identification Card**

## Obtaining an Accounting System

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1. **Intuit QuickBooks**
2. **Xero**
3. **FreshBooks**
4. **Zoho Books**
5. **Waves**

**note: Not recommended but, an Excel sheet is better than no accounting system!**

## Hire a Trustworthy Tax Professional

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### **Questions to ask.....**

- 1. Are you available all year?**
- 2. Do you have any credentials?**
- 3. Do you have continuing education requirements?**
- 4. Do you have experience with tax resolution or access to resources?**
- 5. Do you offer tax planning?**
- 6. What does your tax preparation process look like?**

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# THANK YOU FOR ATTENDING!

404-436-1366



[Virtuoustaxfinancial.com](http://Virtuoustaxfinancial.com)

