

# Tax Tips

## Coaching Questions

### How is this different where you live?

- Every place has taxes. So although these tips are generic, the general idea of taxes and how to manage them is the same. The broad buckets might be different for your country or your specific geography or industry, but the idea of organization and keeping on top of this remains consistent.
- Make sure that you investigate the nuances of your location. What are the buckets that you might want to set up that are different? Is there one cost driver for you that is so big that it needs its own bucket? Are there some things that you can't write off that should be ignored? Come up with your own plan based on your own needs.

### What is the worst case scenario of not paying taxes?

- Fines and interest. It is almost always costlier to avoid doing your taxes. Therefore it is cheaper to do your taxes. Most governments ensure that there are steep fines and interest on unpaid taxes to incent people to pay them on time. Just assume that these will be enforced, and do it.
- Rebates. You might actually have been eligible for rebates. Especially when you first start up a business and are growing the revenue year after year, you usually make less money in the first years and would like to take advantage of this tax wise. In many jurisdictions you can bank any losses in the first years and apply them to your income in future years, when your business is booming and off the ground. By not submitting your taxes, you are forfeiting these savings.
- Catch up is hard. It is already a lot of work to do taxes. Imagine trying to do years of them? The amount of time away from your business to catch up could severely impact your business. Don't let this happen.

## How do you stay organized?

- Every business and every person is different when it comes to organization. But there are some options that you can consider.
  - Receipt organization. You should have a place where all of your receipts are kept so that you don't lose them. Every receipt that you lose is more tax that you have to pay. Often people just stuff receipts into a drawer, but you could just organize them immediately in folders or envelopes. Everything that you do early will save you time in the long run.
  - Regular check-ins. Maybe organizing as you go is too much. In that case, create a calendar appointment every month or quarter where you organize your receipts. Maybe you clean out your wallet or purse and organize them at that point. Doing this is still better than waiting for once a year.
  - Bookkeeper. Maybe you realize that this type of organization is not your forte. Outsourcing from the beginning, especially if you have a high volume business with many transactions, hiring a bookkeeper can be a life saver.

## What's the best thing about taxes?

- If you are paying taxes, it means that you are making money. Many entrepreneurs actually enjoy paying taxes as it is a chance for them to reflect on how their year has gone and see the progress that they are making.
- Track your progress. Consider keeping a spreadsheet or track in some way your revenue, costs, and taxes year over year. It is motivating to see year over year.
- Check-in with your accountant. When you taxes are done each year, this is a good time to also have a strategic conversation with your accountant of where you have come from, where you are headed, and how you might want to change anything in the year ahead.