

NINE WAYS TO AVOID

A Surprise Tax Bill



FREE GUIDE FROM LM BOOKKEEPING LLC



Welcome!

I'm Lara, the owner of LM Bookkeeping LLC, and I'm so excited you've downloaded a copy of my "Nine Ways to Avoid A Surprise Tax Bill" guide.

Please keep in mind that not all of the tips in this guide will be relevant to you. You should always consult your tax accountant to determine the best actions for your unique tax situation.



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Adjust your withholdings for career and life changes.

If you work a W-2 job, the amount of money withheld from your paycheck by your employer is dictated by your Form W-4: Employee's Withholding Certificate.

Life and career changes like getting married, gaining a new dependent, or getting a second job are all events that could affect your tax situation.



Set aside money for taxes from gains on asset sales.

When you sell assets like stocks, cryptocurrency, or real estate, you should set aside a portion of your profits for taxes on any gains.

Check with your tax accountant to see whether you qualify for a capital gains exclusion on the sale of your home!





Structure your business strategically.

Choosing the correct entity choice for your business can help you avoid double taxation and/or save on self-employment taxes.

Aside from tax savings, your entity choice can also offer liability protection. Review your business structure with your accountant to ensure it's working in your best interests.



Save for estimated taxes and monitor your income.

If you are self-employed or otherwise required to pay estimated taxes, you should set aside money each month for your estimated taxes.

If your income starts to become significantly higher than you anticipated, paying more in estimated taxes can lower your tax bill due in April!






Maximize your contributions to tax-advantaged accounts.

You can lower your tax liability by contributing to tax-advantaged savings accounts like a traditional IRA, 401(k), Health Savings Account, or Flexible Spending Account.

Ask your tax accountant whether you are eligible to contribute to these accounts and if there are any limits on your contributions.



A close-up photograph of a person's hand holding a dark-colored smartphone. The hand is positioned next to a silver laptop keyboard, which is partially visible. The background is a light-colored, textured surface, possibly a couch or bed. The overall scene suggests a person is working or researching on their phone and laptop.

Look up your new home state's income tax rates.

If you're moving or working in a different state, you need to be aware of whether your new state has a higher or lower income tax rate than where you currently live/work.

Keep track of the dates you resided/worked in each state to give to your tax accountant at the end of the year.





Gather all documentation of deductions or credits.

Whether it's qualifying tuition expenses, child care expenses, or charitable contributions, you should keep track of all documentation for a tax credit or deduction.

A tax credit is a dollar-for-dollar reduction in your tax liability and a deduction reduces your taxable income.



Track your business expenses.

If you own a business, you should be tracking your business expenses. Qualified expenses will offset your total income and lower your taxable income.

Keep in mind, your expenses need to be both ordinary and necessary for your trade or business.

Working with a bookkeeper can help make sure you don't miss out on any deductible expenses.





Work with a tax professional to stay up-to-date on tax laws.

One of the easiest ways to get hit with a surprise tax bill in April is to miss out on news of a tax law change.

The tax code is incredibly long and complex. You want someone on your side who understands the nuances of it all!





Let's *work* together!



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