

2023

hello friend,

WELCOME

TO FINANCIAL PEACE OF MIND

www.ritbsinc@gmail.com



R & I

Tax and Bookkeeping Services, INC.

contents

- Choosing a formation type
- EIN
- Business Licenses
- Secretary of State
- Department of Revenue
- Sales Tax + B & O Tax
- Estimated Tax
- Hiring Employees
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- Employment Security
- Labor and Industries

So I want to start a
business

1

choose a
business
formation

- Sole proprietor
- Partnership
- Corporation
- S- Corporation
- Limited Liability Company (LLC)

Let's break it down.

sole proprietorship

An unincorporated business owned by an individual.

There's no distinction between the taxpayer and their business.

partnership

An unincorporated business with ownership shared between two or more people.

corporation

Also known as a C corporation. It's a separate entity owned by shareholders.

s-corporation

A corporation that elects to pass corporate income, losses, deductions and credits through to the shareholders.

limited liability company

A business structure allowed by state statute.

Sole Proprietorship

- single ownership
- no sharing of profit or loss
- one man's capitol
- unlimited liability
- less legal formalities
- one man control



As a Sole Proprietor or a single member LLC you'll file:

- Form 1040
- Schedule C (*attached to 1040*)
- Schedule SE (*attached to 1040*)

Schedule C is used to report Income & Expenses

Schedule SE is used to calculate your self employment tax

Partnership

- A partnership is the relationship between two or more people to do trade or business.
- Each person contributes money, property, labor or skill, and shares in the profits and losses of the business.

[CLICK HERE FOR MORE INFORMATION](#)



Corporation

- separate entity
- not personal liable beyond their investment
- business is artificial being with the ability to own property, borrow money, pay taxes and be sued
- Prospective shareholders exchange money, property, or both, for the corporation's capital stock.
- A corporation generally takes the same deductions as a sole proprietorship to figure its taxable income.
- The profit of a corporation is taxed to the corporation when earned AND taxed to the shareholders when distributed as dividends. (This creates a double tax)



S-Corporation

- Must file 2553
- limited to only 100 US citizen shareholders
- only taxed on personal shareholder taxes, (not taxed corporate tax)- avoids double taxation



As a S-Corporation you'll file:

- Form 1120-S (*separate from 1040*)
- Schedule K-1 (*attached to 1120-S*)

Schedule K-1 shows your ownership in the business and the income you earned from the business.

You'll use Schedule K-1 to prepare your individual federal tax return.

*S-Corps don't owe self employment tax. You pay self employment tax on the wages you are paid. **You need to set yourself up as an employee of your S-Corp. to earn W2 wages.** Income earned from the S-Corp that is above what you pay yourself will only be subject to Federal income tax.*

Limited Liability Company

- separate entity
- limited liability
- tax ease
- fewer regulations than corp.
- self employment tax
- doesn't attract investors



② Apply for EIN

An **EIN** Number stands for Employer Identification Number.

An EIN is to your Washington business what a Social Security Number is to a person.

It helps the IRS identify your business for tax and filing purposes.

Why do I need one?

Having an EIN for your Washington business allows you to open a separate bank account under the businesses name, apply for certain licenses and permits, and handle employee payroll (if applicable).

Even though it's called an Employer Identification Number, it doesn't mean that you have to have employees. The EIN is just a type of Taxpayer Identification Number (TIN) that identifies your Washington business with the IRS.

[CLICK HERE FOR MORE INFORMATION](https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers)

<https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers>

3

Applying for State & City

Business License(s)



----- City Business License

You'll need a business license for whatever city you plan on doing business in:
Tacoma, Seattle, Kent etc.

WA State Business License

If your business is going to be any of these:

- Partnership
- Corporation
- S-Corporation
- Limited Liability Corporation
- Limited Liability Partnership

Then you need to register with the WA Secretary of State first.



4

registering your business license with the

Secretary of State



WA Secretary of State

registering your business license with the secretary of state is required for all business entities except for sole proprietorships

An annual report is required to keep the registration up to date.

A fee is required to register.

[CLICK HERE](https://www.sos.wa.gov/)

<https://www.sos.wa.gov/>

UNITED STATES OF AMERICA

The State of  Washington

Secretary of State

I, STEVE R. HOBBS, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF FORMATION

to

[REDACTED]

A WA LIMITED LIABILITY COMPANY, effective on the date indicated below.

Effective Date: 12/16/2022

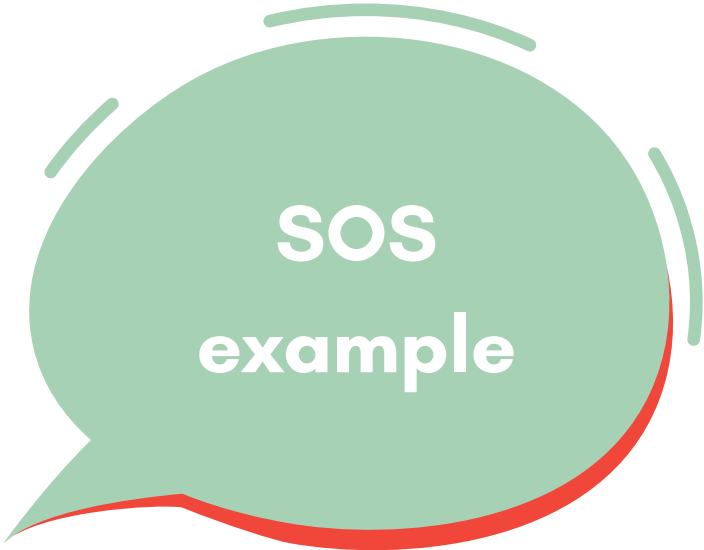
UBI Number: [REDACTED]



Given under my hand and the Seal of the State
of Washington at Olympia, the State Capital

Steve R. Hobbs, Secretary of State

Date Issued: 12/16/2022



SOS
example

Yay! you're in business now!

what now...

5

paying sales tax

Department of Revenue



New Businesses have a few agencies that they need to report income to.
One of those agencies is the Washington State Department of Revenue.

The reporting is done either monthly, quarterly or yearly.

Department of Revenue

You must register your Washington state license
with the Department of Revenue
(applies to all business types)

[CLICK HERE](https://dor.wa.gov/open-business/apply-business-license)

<https://dor.wa.gov/open-business/apply-business-license>

How to file a basic tax return for sales tax

click here


<https://www.youtube.com/watch?v=8LxnSvGK1bg>

what to know about

sales tax

Retail sales tax applies to sales of tangible personal property and digital products to consumers for their own use.

what to know about

B & O Tax

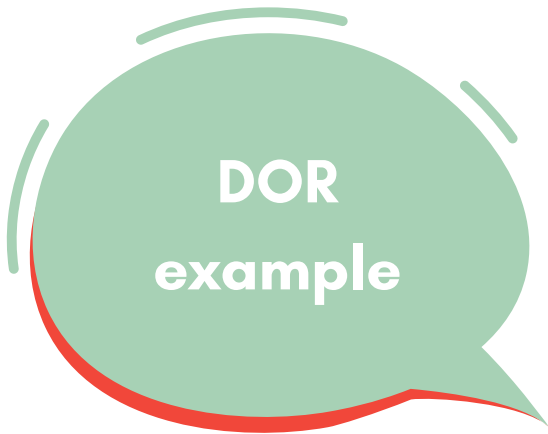
You will pay business & occupation tax through the department of revenue regardless of whether you are retail, service or wholesale.

products and services that require you to collect sales tax

click here



<https://www.youtube.com/user/WashingtonStateDOR>



Combined Excise Tax Return

[Redacted] Business Name

Filing Period: December 31, 2022 Due Date: January 31, 2023

Filing Frequency: Quarterly

Business & Occupation

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Service and Other Activities; Gambling Contests of Chance (less than \$50,000 a year)	9,595.75	0.00	9,595.75	0.015000	143.94
Total Business & Occupation					143.94

Credits

	Amount
Service & Other SBC	143.94
Total Credits	143.94

Total Tax	143.94
Total Credits	143.94
Total Amount Owed	0.00

Prepared By: LINDA YARBROUGH
 E-Mail Address: ritbsinc@gmail.com
 Submitted Date: 2/24/2023
 Confirmation #: [Redacted]
 Payment Type: No Payment

Washington State Department of Revenue

Your Return has been submitted and your confirmation number is [Redacted]

Below is information from your Quarterly Return for the period ending December 31, 2022

Filing Date February 24, 2023

Account ID [Redacted]

Primary Name [Redacted]

Payment Method No Payment

Total Tax 143.94

Total Credits 143.94

Total Due 0.00

Washington State Department of Revenue

Your Return has been submitted and your confirmation number is 0-031-783-200

Below is information from your Quarterly Return for the period ending December 31, 2022

Filing Date February 24, 2023

Account ID 604-202-475

Primary Name SO BEAUTIFUL SALON

Payment Method No Payment

Total Tax 143.94

Total Credits 143.94

Total Due 0.00

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paying

Estimated Tax



Estimated Taxes

Estimated Taxes are federal income taxes that a self employed business owner pays *quarterly*. This payment is in lieu of an employer withholding **federal income tax** on their paycheck.

dates to remember

 April 15

 June 15

 September 15

 January 15

Paying estimated tax is just like if you were an employee paying taxes on every penny earned.

The only difference is that you do it now instead of an employer.

paying

Employees?



6 Have Employees Fill Out Forms

Form I-9

This form verifies employee identity

[CLICK HERE FOR MORE INFORMATION](#)

Form W-4

This form allows the employer to withhold the correct amount of federal income tax from the employee's paycheck

[CLICK HERE FOR MORE INFORMATION](#)



Employment Eligibility Verification
 Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
Form I-9
 OMB No. 1615-0047
 Expires 10/31/2022

▶ **START HERE:** Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)

Last Name (Family Name)		First Name (Given Name)		Middle Initial	Other Last Names Used (if any)
Address (Street Number and Name)		Apt. Number	City or Town	State	ZIP Code
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	Employee's E-mail Address		Employee's Telephone Number	

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following boxes):

<input type="checkbox"/> 1. A citizen of the United States	
<input type="checkbox"/> 2. A noncitizen national of the United States (See instructions)	
<input type="checkbox"/> 3. A lawful permanent resident (Alien Registration Number/USCIS Number): _____	
<input type="checkbox"/> 4. An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy): _____ Some aliens may write "N/A" in the expiration date field. (See instructions)	
<p>Aliens authorized to work must provide only one of the following document numbers to complete Form I-9: An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.</p> <p>1. Alien Registration Number/USCIS Number: _____ OR 2. Form I-94 Admission Number: _____ OR 3. Foreign Passport Number: _____ Country of Issuance: _____</p>	<p>QR Code - Section 1 Do Not Write in This Space</p>

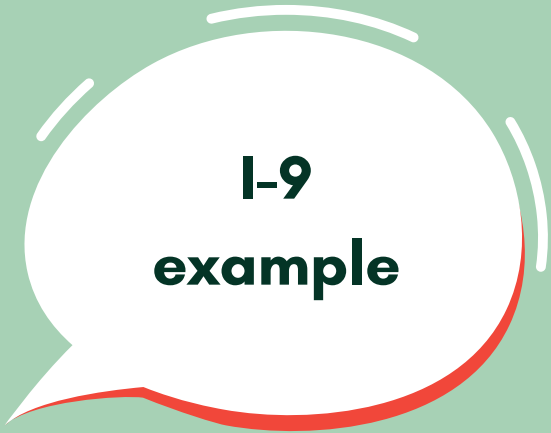
Signature of Employee	Today's Date (mm/dd/yyyy)
-----------------------	---------------------------

Preparer and/or Translator Certification (check one):
 I did not use a preparer or translator. A preparer(s) and/or translator(s) assisted the employee in completing Section 1.
 (Fields below must be completed and signed when preparers and/or translators assist an employee in completing Section 1.)

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Today's Date (mm/dd/yyyy)	
Last Name (Family Name)		First Name (Given Name)	
Address (Street Number and Name)		City or Town	State ZIP Code

STOP Employer Completes Next Page STOP



[click here](#)
 or google I-9 and
 download from
 IRS website

Form **W-4**

Employee's Withholding Certificate

OMB No. 1545-0074

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.
Give Form W-4 to your employer.
Your withholding is subject to review by the IRS.

2023

Step 1: Enter Personal Information

(a) First name and middle initial	Last name	(b) Social security number
Address		Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
City or town, state, and ZIP code		
(c) <input type="checkbox"/> Single or Married filing separately		
<input type="checkbox"/> Married filing jointly or Qualifying surviving spouse		
<input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, other details, and privacy.

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do **only one** of the following.

(a) Reserved for future use.

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; **or**

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than (b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, (b) is more accurate

TIP: If you have self-employment income, see page 2.

Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependent and Other Credits

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000 \$ _____

Multiply the number of other dependents by \$500 \$ _____

Add the amounts above for qualifying children and other dependents. You may add to this the amount of any other credits. Enter the total here **3** \$ _____

Step 4 (optional): Other Adjustments

(a) **Other income (not from jobs).** If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income **4(a)** \$ _____

(b) **Deductions.** If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here **4(b)** \$ _____

(c) **Extra withholding.** Enter any additional tax you want withheld each pay period . . . **4(c)** \$ _____

Step 5: Sign Here

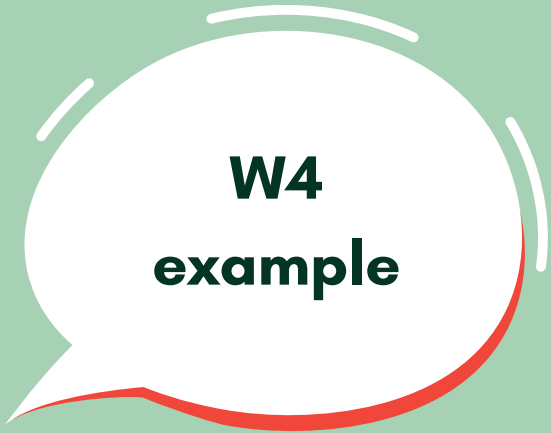
Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.)

Date

Employers Only

Employer's name and address	First date of employment	Employer identification number (EIN)
_____	_____	_____



click here

or google W4 and download from IRS website

Report New Hires

The image shows a YouTube video player thumbnail. At the top left, there is a circular profile picture of the Washington State Department of Social & Health Services, followed by the text "New hire reporting (Washington state)". Below this is a dark blue button with the text "From an accredited hospital" and a right-pointing arrow. To the right of the button, the words "WASHINGTON STATE" are written in large, white, all-caps, sans-serif font. In the top right corner, there is a white share icon and the word "Share". The main body of the thumbnail has a light beige background with the title "New hire reporting law" in a black, italicized serif font. Below the title is a large green horizontal bar containing a red YouTube play button icon. At the bottom center, the Washington State Department of Social & Health Services logo is displayed, consisting of a stylized icon of three people and the text "Washington State Department of Social & Health Services". Below the logo is the tagline "Transforming lives" and the text "Division of Child Support". In the bottom left corner, there is a dark blue button with the text "Watch on" and the YouTube logo.

<https://www.youtube.com/watch?v=A4Qg599nSLc>

Report new hires

click here

<https://secureaccess.wa.gov/myAccess/saw/select.do>

paying

Payroll



Payroll Management



When it comes to paying employees, state and federal laws and the IRS have made the payroll function a time-consuming *nightmare* for the small business owner.

Our Comprehensive Payroll Service takes care of the *whole payroll processing* for you

- Online Payroll Services or After-the Fact- Payroll Services
- Payroll checks prepared on-time, every-time.
- Free Direct Deposits
- Worry Free IRS and State tax reporting & EFTPS tax deposits.
- Monthly, quarterly, and annual payroll tax reports, including: W-2, W-3 and 1099 forms.
- Detailed reports on your employee's vacation, sick days, and personal days accruals.
- Creation and filing of the required new hire reports


Or you can do it yourself. Here is a list of some payroll programs you could use:

- QuickBooks payroll
 - Gusto
 - Onpay
 - Patriot Software
- and more!

EMPLOYEE PAYCHECK, PAYCHECK STUB, AND BANK DEPOSIT SLIP EXAMPLE

To be used with *Personal Finance / Task 6: Elements of Your Paycheck and Paycheck Stub, and Depositing Your Paycheck into Your Bank Account*

EXAMPLE OF A PAYROLL CHECK AND PAYROLL CHECK STUB

ABC VE Firm Payroll Account	Check #: <u>123</u> Date: <u>November 1, 20XX</u>
Pay to the order of <u>Ima Student</u>	\$1,403.56
One-thousand, four-hundred, three dollars and 56/100 Dollars -----	
	<i>Cash Isking</i> Chief Financial Officer
Memo: <u>PPE October 31, 20XX</u>	

Detach check above before depositing and save checkstub below for your records.

ABC VE FIRM		Check #: <u>123</u>
Employee: Ima Student		Date: <u>November 1, 20XX</u>
Pay Period: October 16 - 31, 20XX		
	Current	YTD
Gross Earnings	\$1,680.00	\$18,480.00
Deductions:		
Federal Income Tax	\$141.38	
Social Security (FICA)	70.56	
Medicare	24.36	
State (CA) Income Tax	23.34	
State Disability Insurance (SDI)	16.80	
	<u>\$276.44</u>	<u>\$3,040.84</u>
Net Pay	\$1,403.56	\$15,439.16

BACK OF PAYCHECK

ENDORSE HERE

← Recipient's signature

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE

BANK DEPOSIT SLIP


List amount of each item that is being depositing. Checks are entered separately; do not combine.

		dollars	cents
Customer's name	NAME		
Customer's account #	ACCOUNT #		
Current date	DATE		
Customer's Signature	SIGNATURE:		
	CASH		.
	CHECKS		.
			.
			.
	Subtotal		.
	Less Cash		.
	TOTAL		.

Sum of items to be deposited

Cash that you want back

Total amount being deposited into your account



check example

Custom payroll reports service

we prepare the following reports



Worker's Compensation Audits

Unemployment Claims

Social Security Audits

Child Support Audits

W-2 and W-3 processing

1099 and 1096 processing

941 form

Preparation/assistance with Federal and State registration forms

paying

Payroll Tax



There are two different payroll taxes to be aware of:

Employment Security
Labor and Industries



Employment Security



Employment Security will be paid for you by whichever payroll software company you use- as long as you indicate for them to do so.

Employment Security is calculated based on an employees hours.

Pay Taxes

Payment Confirmation

[REDACTED] Business Name
[REDACTED]

THIS PAYMENT WAS SUCCESSFULLY PROCESSED.

Payment confirmation number: **[REDACTED]**

Total payment amount: **\$31.53**

Debit date: 3/17/2023

Year/Quarter: 1st quarter 2023

Bank routing number: **[REDACTED]**

Name on bank account: **[REDACTED]**

Bank account number: **[REDACTED]**

User bank reference: ESD WA UI-TAX

Prepared by: Linda Yarbrough
(253) 777-1106
ritbsinc@gmail.com

I authorize the Washington State Employment Security Department to process the transaction as detailed above. I also certify that I am legally authorized to enter into this agreement for the above referenced business or transmitter.

We want to improve your experience when you file taxes.
Please take a moment to tell us how we're doing.

ESD Example

L & I



**As an employer, you are responsible for paying L & I
L&I is calculated based on an employee's wages.**

click here

<https://secure.lni.wa.gov/home/>



Submit Date: 3/17/2023
Confirmation Number: [REDACTED]

Late Report

4th Quarter: October 1, 2022 – December 31, 2022

Due Date: 3/17/2023

[REDACTED] **Business Name**
[REDACTED] **Address**
[REDACTED]

WA UBI: [REDACTED]
L&I Account ID: [REDACTED]
Phone Number: [REDACTED]

Account Manager: [REDACTED] 360-902-4826

Class Code	Nature of Work	Gross Payroll (nearest \$)	Worker Hours (or units)	Rate Per Hour	Amount Owed
6501-01	Beauty, Tanning, & Nail Salons	\$463.00	27	0.3617	\$9.77
		Total of Premiums		\$9.77	
				Penalty	\$10.49
				Interest	\$0.20
				Grand Total	\$20.46

Preparer's Information

Preparer: LINDA YARBROUGH
DayTime Phone: 206-688-8656
Email: ritbsinc@gmail.com

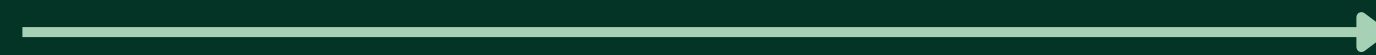
Payment Information

Method of Payment: eCheck
Bank routing information: [REDACTED]
Bank account information: [REDACTED]
Bank account Type: BusinessChecking
Payment Amount: \$20.46
Scheduled Payment Date: 3/17/2023

L & I Example

Here is a helpful link for new business owners

click here



<https://www.irs.gov/businesses/small-businesses-self-employed/washington>

Tip

Keep a separate bank account
for you income and expenses.

This will help prevent co-mingling of personal and business.

*But it will also make reporting income/expenses so much easier
when you have to pay taxes.*

+easier to back up your reporting if the IRS questions it.



Thank you for your time.

Please contact us if you have any questions!

253-777-1106

RITBSINC@gmail.com