Partnership, Sole Proprietor, and LLC. Each organization structure they want to form. A business has to answer is what type of entity selection is required. The second step is planning the entity selection, business registration, and all the federal, state and local payroll withholding tax registrations be set up properly. The proper methodology in place day 1, but almost more importantly is the tax structure regarding withholding tax. It is critical that a business has not only the appropriate accounting expertise to guide you in the right direction. Jim Bonvissuto, president of BIG Financial & Advisory Services, took time recently to answer a few questions related to the entity selection steps all business owners should keep in mind during the launch of their business.

Q: When an entrepreneur starts a business, what should they do first?

Bonvissuto: A key issue that a start-up business has to answer is what type of organization structure they want to form. A business can form as an S-Corp., C-Corp., Partnership, Sole Proprietor, and LLC. Each of these entities have different tax pros and cons. The LLC structure is not recognized by the IRS and still requires you to file a form with the IRS to determine what type of entity you will be taxed as (S-Corp., C-Corp., Partnership, or Sole Proprietor). The entity selected for tax purposes could impact you personally anywhere from 10% to 35%.

Q: Are there different types of entities and does it matter what type is selected?

Bonvissuto: A key issue that a start-up business has to answer is what type of organization structure they want to form. A business can form as an S-Corp., C-Corp., Partnership, Sole Proprietor, and LLC. Each of these entities have different tax pros and cons. The LLC structure is not recognized by the IRS and still requires you to file a form with the IRS to determine what type of entity you will be taxed as (S-Corp., C-Corp., Partnership, or Sole Proprietor). The entity selected for tax purposes could impact you personally anywhere from 10% to 35%.

Q: How does a business owner know when it’s right to outsource accounting, or take care of it in-house?

Bonvissuto: A business owner’s primary focus is the day to day operations and growing the business. The accounting for the business also needs to be a priority. If there are not enough hours in the day for the owner to also handle the accounting, or they do not have the expertise in house to do so daily, they should outsource.

Q: What common mistakes do new entrepreneurs typically make when it comes to accounting? How can those mistakes be avoided?

Bonvissuto: New entrepreneurs mistake accounting as only a means to filing a tax return annually in April. Accurate and timely accounting is the key tool to a successful business. It will provide the business owner the information to make informed strategic decisions in order to avoid issues and sustain profitable growth. A few examples are: avoiding cash timing issues of when to pay bills and collect from customers, determining the best timing of advertising/marketing for a cyclical business, determining ways to increase profitability, determining whether one can afford to expand or rather should be cutting back. If the business owner does not have the accounting expertise and/or the appropriate staff in place, a CPA has the expertise to guide you in the right direction.

52 TIPS FOR YOUR BUSINESS

#42 – Protect Your Business From Fraud

While completely eliminating incidences of payment fraud may be impossible, there are definitely steps you can take to minimize the risk of exposure. By taking daily precautions, you can make it that much harder for fraudsters to perpetrate their schemes.

Some basic tips for avoiding fraud:

1. Adhere strictly to your company’s security policies; they put them there for a reason.
2. Always use strong passwords to thwart attempts to hack your accounts.
3. Never share your passwords or let someone else log-in to your computer.
4. Enroll in your bank’s security alerts, notifying you if there’s suspicious account activity.
5. No financial institution, including Fifth Third Bank, should never send you an email asking you to verify or supply personal information.
6. Never send personal information via email unless it is to a trusted source and use some type of encryption.
7. Never open unsolicited e-mails from unknown e-mail addresses. Set your spam filter on high to block suspicious communications.
8. Exercise reasonable care when downloading software and opening email attachments. Never download or open an email attachment from an unknown email address.
9. Install a firewall and both anti-virus and anti-spyware software. Keep your virus definitions and browser and security software current.
10. Don’t write your PIN number on your credit card.
11. Make sure your mobile phone number and other contact information are registered with your card issuer so they can verify transactions.
12. Don’t let your commercial card out of your sight when making a transaction. Beyond these proactive steps, businesses should also take advantage of protective tools offered by their bank, such as malware detection software and authentication for more secure logins. Follow these tips to help protect your business from the growing threats of fraud.

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BUDGETING FOR ENERGY SAVINGS

In recognition of National Energy Awareness Month, each week in October, Small Business Matters will publish an energy tip to help you be more efficient in your energy usage. Today’s tip:

It’s budget season! As you put together your 2016 budget numbers, have you given any thought at all to the impact energy efficient projects could have on your financials? Did you know that companies can save between 20 percent and 30 percent in costs on a whole building retrofit? And completing multiple energy projects can help you further unlock cash flow for your business.

Want to learn more about the positive impact energy projects can have on your business? Contact COSE’s team today at 216-592-2205 or energy@coso.org.