

Small business owners should understand the federal, state, and local **tax and accounting** requirements as this will help you with record keeping, filing tax returns accurately and making timely payments to the government. Failure to file and pay tax obligations may result in financial penalties plus interest on amounts outstanding. Tax and accounting for small businesses can be complex; this guide serves as a starting point for resources and information to help you navigate your next steps - speaking with a tax professional.

Small business owners should remember these five important items that affect small businesses taxes:

1. [Business structure](#)
2. Tax deductions
3. Startup costs write-offs ([Deduct up to \\$5,000](#) in [startup costs](#) only if total startup costs are \$50,000 or less)
4. Pay quarterly taxes
5. Keeping track of the amount of taxes due/refunded

The [business structure](#) chosen when [starting a business](#) will determine the taxes small businesses pay as well as how and when to pay them.

Below are the key tax calendar dates to remember in 2022.

Date	Filing Deadlines for Types of Business
January 31, 2022	Employees or Independent Contractors to receive their W-2, 1099-NEC or 1099-MISC tax forms.
March 15, 2022	Deadline To File Tax Returns for Partnerships, S Corporations or LLCs that are taxed as partnerships.
April 18, 2022	Deadline To File Tax Returns for C Corporations, Sole Proprietorships, Single-member LLCs, LLCs taxed as corporations or Individuals
October 17, 2022	2021 Filing Extension Tax Returns Due

Source: IRS - [Online Tax Calendar](#)

Exceptions: If the tax year does not start on January 1, follow the [IRS fiscal year due dates](#).

2022 quarterly estimated tax payment deadlines:

- April 18, 2022 - Deadline for 2022 Q1 estimated tax payments
- June 15, 2022 - Deadline for 2022 Q2 estimated tax payments
- Sept. 15, 2022 - Deadline for 2022 Q3 estimated tax payments
- Jan. 17, 2023 - Deadline for 2022 Q4 estimated tax payments

IRS Tax Guides for Small Businesses

As a small business owner, it is important to understand your **federal, state, and local tax** obligations. The [Internal Revenue Service \(IRS\)](#) provides plenty of information to help small business owners when filing their taxes. The [Small Business and Self-Employed Tax Center](#) is the main resource for entrepreneurs. Additional resources include the following:

- [Business Taxes](#) - provides the five general types of business taxes and their tax forms
- [Small Business Tax Workshop](#) - eight lessons to help small businesses on how to file taxes
- [Online Learning and Educational Products](#) - links to virtual tax workshops and SBA Learning Center
- [Starting a Business](#) - resources to new/prospective business owners and checklist for starting a business
- [Industries/Professions Tax Centers](#) - specific industries tax centers
- [State Government Websites](#) - links to each state website and guidance to doing business in each state.
- [Sale of a Business](#) - tax guidelines when a business sale occurs.
- [Tax Guide for Small Businesses](#)

Accounting Methods

There are two primary [accounting methods](#) for businesses to report revenues and expenses - **cash accounting** and **accrual accounting**. It is important to understand the difference as once you select a method, you should maintain that for the duration of your business unless you get an exemption from the IRS to change your method. Cash accounting is an accounting method when revenues are recorded when payment is received and expenses are recorded when they are paid. Accrual accounting is when revenues and expenses are recorded when they are billed and earned regardless of when the money is received and paid. Small businesses with average gross receipts of \$25 million or less in the prior three-year period are allowed to use the [cash method of accounting](#).

- [Cash-Based vs. Accrual-Based Accounting](#) - an explanation and differences.
- [Pros and Cons of Cash and Accrual](#)
- [Cash Flow Analysis for Small Business Owners](#) - how cash flow analysis is performed

Tax Software

Small business owners may be overwhelmed when it comes to selecting software to prepare

their tax returns or identifying tax professionals. Some key features to look for in **tax software** include budget-friendly, ease of use, excellent customer service, e-filing return options, and [data security](#).

The most commonly used tax software includes:

- [TurboTax](#)
- [H&R Block](#)
- [TaxSlayer](#)
- [Jackson Hewitt](#)

Accounting Software

Small business owners need to budget, track expenses, pay suppliers, categorize transactions, [keep detailed, accurate books](#), and therefore need accounting software.

The most common accounting software for small businesses include:

- [QuickBooks](#)
- [Xero](#)
- [FreshBooks](#)

Cloud-based accounting software is on-demand software hosted remotely for recording and storing encrypted financial data online. The [pandemic](#) forced many accounting teams to transition to [work from home](#) to follow local [COVID-19](#) mitigation protocols. The workplace shift resulted in an increasing demand for cloud-based solutions. A recent survey of over 3,000 accounting professionals indicates that nearly two-thirds plan to [adopt cloud-computing technology](#) over the next two years.

- [Advantages and Disadvantages of Cloud-Based Accounting Solutions](#)
- [Business Software Marketplace](#) - Over 300 cloud-based accounting solutions for small businesses
- [Sage Business Cloud Accounting](#) - An example of a cloud-based accounting software

Regardless of the tax and accounting software vendor that you use for your business, it is important to be aware of their [cybersecurity](#) safeguards.

Tax and Accounting Resources

Below are additional tax and accounting resources.

- [SBA - 5 Things to Know About Your Balance Sheet](#)
- [SBA - State Tax Obligations](#) - identifies tax requirements by state
- [Common Small Business Tax Deductions](#) - Provides the most frequent expenses deducted by small businesses. Additional Information for [Business Expenses - IRS](#).
- [Find a CPA](#) - from the American Institute of CPAs
- [CPA Directory](#) (By Zip Code)
- [Tax Rates for All 50 States](#) - Federation of Tax Administrators
- [Employer W-2 Filing Instructions & Information](#) - US Social Security Administration
- [Small Business Taxes & Management](#)

Additional Resources

Already in business or thinking about starting your own small business? Check out our various [small business resources](#):

- View our COVID-19 Resources here: [COVID-19 Small Business Resources](#) and [COVID-19 Industry Resources](#)
- View our small business cybersecurity resources here: [Cybersecurity](#)
- View our small business help topics here: [Small Business Information Center](#)
- View our business reports here: [Small Business Snapshots](#)
- View our industry-specific research here: [Market Research Links](#)

Remember, you can also receive **free professional business advice** and free or low-cost business training from your [local Small Business Development Center](#)!

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