

AGENDA

Learning Session 5

Facilitator: Will Holmes

- I. Welcome/ Homework Check-In
- II. Presentation: **Accounting, Human Resources, Taxes & Insurance**
- III. Panel Discussion
- IV. Q&A, Wrap Up and Homework Reminder

For more information, visit www.whcusa.com

CURRICULUM

Session 5

Accounting, Human Resources, Legal, Taxes & Insurance

During this 3-hour session, for the first half, the facilitator will lead an interactive discussion on the Participants' greatest challenges and how to address them with better compliance and internal controls. We will examine best practices in Human Resources, Accounting, Taxes and Insurance. During the second half, we will be joined by a panel consisting of a HR consultant, accountant, attorney and a financial advisor. They will share their experiences, take questions and offer advice.

Homework will be assigned to be submitted by the next class.

CURRICULUM

Session 5

You should be aware of the common challenges that most businesses face.

This session is designed to cover some of those common challenges.

Please price your products and services so you can hire a professional.

Human Resources

9 HR Essentials Business Owners should be familiar with:

- 1. Major Federal Labor Laws-** (Fair Labor Standards Act, Occupational Safety and Health Act, Consumer Credit Protection Act and many more...) <https://www.dol.gov/general/aboutdol/majorlaws>
- 2. State Laws-** (Wages, MOSHA, Safety, Worker Classifications) <https://www.dllr.state.md.us/labor/>
- 3. (Federal Guidelines) 1099 or Employee?-** <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee> If it is still unclear whether a worker is an employee or an independent contractor, [Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding PDF](#) can be filed with the IRS. The IRS will review the facts and circumstances and officially determine the worker's status.
- 4. (State of MD Guidelines) 1099 or Employee?-** <https://www.dllr.state.md.us/labor/wagepay/wpempindcont.shtml>, <https://www.dol.gov/agencies/whd/factsheets/13-flsa-employment-relationship>

Human Resources

Business Owners should be familiar with:

5. Unemployment Insurance- To provide temporary monetary assistance to eligible workers who become unemployed through no fault of their own and who are able to work, available for work, actively seeking and willing to work. <https://www.dllr.state.md.us/employment/unemployment.shtml> and <https://www.dllr.state.md.us/employment/clmtguide/uiclmtmpamphlet.pdf>

6. Worker's Compensation Laws- Worker's Compensation covers medical treatment, disability and death benefits in the event an employee is injured or dies as a result of his work with that business. An employer that fails to secure workers' compensation insurance for all covered employees may be subject to a penalty not to exceed \$10,000. <https://www.wcc.state.md.us/>

7. Purchasing Worker's Compensation Insurance- <https://www.ceiwc.com/>

8. Importance of Employee Documentation- <https://www.eeoc.gov/employers/recordkeeping-requirements>

Human Resources

Business Owners should be familiar with:

9. Payroll

How to calculate payroll tax obligations and submit tax payments:

A. Data collection: When an employee is hired, you need to *collect withholding tax information* on Form W-4. Employers must withhold federal income tax and may withhold dollars to pay for company-provided benefits.

B. Calculating net pay: The net amount of employee pay is the *gross pay less tax withholdings, less any benefit payment withholdings*. You'll also calculate withholdings for Medicare tax and Social Security tax.

Human Resources

Payroll...

C. Payments: You must pay the employee's wages by check, or via direct deposit to a bank account.

D. Reporting: *A tax filing for federal tax and state tax withholdings must be submitted to the IRS and the state department of revenue. Retirement plan contributions, state unemployment payments, Medicare taxes and Social Security taxes are reported to other entities.*

E. Withholding payments: *All of the tax and benefit payments must be forwarded to the taxing authorities, retirement plan firms and other benefits providers. <https://www.irs.gov/businesses/small-businesses-self-employed/depositing-and-reporting-employment-taxes>*

Accounting

11 Best Accounting Practices and Resources

1. Have an expert set up your systems to avoid costly accounting errors.
2. Accuracy is important to partners, lenders, IRS and other stakeholders. Set up processes that allow you to reconcile your numbers.
3. Define your process and gradually switch from separate spreadsheets to integrated data sources.
4. Choose a bank that has online banking that connects to accounting software, point of sales integration, CRM, website and reporting tools.

Accounting

Best Practices and Resources

5. Use accounting software that integrates with your key tools!

- QuickBooks: <https://quickbooks.intuit.com/accounting/>
- Wave: <https://www.waveapps.com/>
- Zoho Books: <https://www.zoho.com/books/>
- Xero: <https://www.xero.com/>

6. Automate your invoicing. This can often be accomplished in your accounting software.

7. Hire a bookkeeper (to manage transactions) and an accountant (to review transactions, prepare financial statements and adjust financial records). Segregate duties to prevent theft and create a manual that outlines your processes.

Accounting

Best Practices and Resources

8. Keep your business and personal funds separate (different accounts for personal, business, sales tax, withholding and estimated state and federal taxes).
9. Establish essential reporting and metrics (Cash Flow, Profit Loss, Balance Sheet, Monthly/Quarterly Statement, Cost per Lead, Cost Per Sale, Cost per Employee).
10. Understand your true labor costs beyond hourly wages or salary (Include payroll taxes, worker's comp, insurance, benefits, training, probationary period, recruiting...).
11. Start each fiscal year with a budget for expenses and sales projections to make profit.

Taxes

7 Tax Essentials Business Owners Need to Know...

Your business will need to meet its federal, state, and local tax obligations to stay in good legal standing. Your business structure and location will influence which taxes your business has to pay.

1. Choose Your Tax Year- (Calendar Year: 12 consecutive months beginning January 1 and ending December 31 **OR** Fiscal Year: 12 consecutive months ending on the last day of any month except December)

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

2. Income Tax- Employees pay income tax. Income tax is made up of federal, state, and local income taxes

3. Employment Tax- Employment Tax includes federal income tax, social security and Medicare taxes and Federal Unemployment (FUTA) Tax. Business Owners must deposit federal income tax withheld and both the employer and employee social security and Medicare taxes. You also must report on the taxes you deposit, as well as report wages, tips and other compensation paid to an employee. <https://www.irs.gov/businesses/small-businesses-self-employed/depositing-and-reporting-employment-taxes>

Taxes

Business Owners Need to Know...

4. Self Employment Tax- Self-employment tax is a tax consisting of Social Security and Medicare taxes primarily for individuals (like you) who work for themselves. It is similar to the Social Security and Medicare taxes withheld from the pay of most wage earners.

As a self-employed individual, generally you are required to file an annual return and pay estimated tax quarterly. Self-employed individuals generally must pay self-employment tax (SE tax) as well as income tax. <https://www.irs.gov/businesses/small-businesses-self-employed/self-employment-tax-social-security-and-medicare-taxes>

Taxes

Business Owners Need to Know...

5. Estimated Tax Payments- Taxes must be paid as you earn or receive income during the year, either through withholding or estimated tax payments. If you are in business for yourself, you generally need to make quarterly estimated tax payments. Estimated tax is used to pay not only income tax, but other taxes such as self-employment tax and alternative minimum tax.

If you don't pay enough tax through withholding and estimated tax payments, you may be charged a penalty. You also may be charged a penalty if your estimated tax payments are late, even if you are due a refund when you file your tax return.

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

Taxes

Business Owners Need to Know...

6. Sales Tax- A sales tax is a consumption tax imposed by the state government on the sale of goods and services. A conventional sales tax is levied at the point of sale, collected by the retailer, and passed on to the government. Sales tax is calculated by multiplying the purchase price by the applicable tax rate. The seller collects it at the time of the sale. Most states tax some services, and some states tax many services. However, taxation of services is the exception rather than the rule. Few states tax the services of a doctor, dentist, or attorney. Services performed in connection with sale of tangible personal property are often taxed. For more info on what should be taxed by retailers, visit <https://www.marylandtaxes.gov/business/sales-use/index.php>

7. Maryland- Businesses in Maryland are required to collect Maryland's 6 percent sales tax and or 9 percent alcoholic beverage tax whenever a taxable purchase is made. If you make sales in Maryland, you will need to obtain a sales and use tax license. To obtain one, complete a Combined Registration Application. The application provides a one-stop method for registering a variety of tax accounts, including the sales and use tax license. <https://interactive.marylandtaxes.gov/webapps/comptrollercra/entrance.asp>

Insurance

7 Insurance Essentials Business Owners Need to Know...

- 1. Professional Liability/ Errors and Omissions-** covers a business against negligence claims due to harm that results from mistakes or failure to perform.
- 2. Product Liability-** covers a business against lawsuits due to damages caused by one of its products.
- 3. Workers Compensation-** covers medical treatment, disability and death benefits in the event an employee is injured or dies as a result of his work with that business.
- 4. Cyber Security-** designed to mitigate losses from a variety of cyber incidents, including data breaches, business interruption, and network damage.

Insurance

Business Owners Need to Know...

5. Property- covers equipment, signage, inventory and furniture in the event of a fire, storm or theft.

6. Vehicle- covers company vehicles used and vehicles should be fully insured to protect businesses against liability if an accident should occur.

7. Business Interruption- compensates a business for its lost income if a disaster or catastrophic event causes a business's operations to be interrupted, or if staff can't do work in the office, manufacture products or make sales calls.

Learn more at <https://www.entrepreneur.com/article/241026>, <https://www.cisa.gov/cybersecurity-insurance>, https://content.naic.org/cipr_topics/topic_federal_insurance_office_fio.htm

Q&A



**For more information, contact Will
Holmes at:**

www.whcusa.com
will@whcusa.com