



# Stepping Out

A publication by the Arkansas Women's Business Development Center

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## Tax Tips For Small Business Owners

To successfully operate your small business, it is necessary to become familiar with federal, state and local tax requirements. Keeping good and accurate records will help you pay the tax you owe.

Good records can help you:

- Identify sources of receipts. You may receive cash from many sources. Unless you have records showing the source of your receipts, you may not be able to prove whether they are non-business or non-taxable.
- Prevent omission of deductible expenses. You may forget expenses when you prepare your tax return unless you record them when you incurred or paid them.
- Establish earnings for self-employment tax purposes. Your records should show you the amount of earnings reportable for self-employment tax purposes.
- Explain items on your income tax return. If the IRS examines your income tax return, you may be asked to explain the items reported. You must be able to support items on your return with sales slips, invoices, receipts, bank deposit slips, cancelled checks and other documents. These items of support are necessary if you are to have adequate and complete records.

## Frequently Asked Tax Questions

**Q.** As a Sole Proprietor, do I need an Employer Identification Number?

**A.** As a sole proprietor, you would need to obtain an identification number if you pay wages to one or more employees, or if you file pension or excise tax returns. If these conditions do not apply, your social security number is your taxpayer identification number.

**Q.** I just started a business and want to know if I have to file my income taxes quarterly or at the end of the year?

**A.** For income taxes you are required to file annually, but you may also have to pay quarterly. As a self-employed individual, you must determine if you are liable for making estimated taxes, which are paid on a quarterly basis.

**Q.** What forms do I use as a small business owner?

**A.** The annual income tax forms that you would use to report business activities to the IRS would depend on your business structure.

**Q.** If I pay personal expenses out of my business bank account, should I count the money used as part of my income, or can I write these expenses off?

**A.** You would include the money as part of business income but you cannot write it off as an expense. Only business related expenses can be deducted from your business income. **Tip:** It is recommended that you do not mix business and personal accounts. This makes it easier to keep records.

*Continued on page 2*

## 2003 Tax Changes for Business Owners

At tax time, small business owners need to make sure they are aware of the latest changes that could affect their taxes. A good source of information is IRS Publication 334, *A Tax Guide for Small Business*. Here are some changes for 2003 that may affect you:

- You can claim 36 cents a mile as the standard mileage rate for 2003 for the cost of operating your vehicle for business. This is a decrease from 36.5 cents in 2002.
- If you are self-employed, you must pay the Social Security part of self-employment taxes for your maximum net self-employment earnings up to \$87,000 for 2003. This is an increase from \$84,900 in 2002.
- If you provide childcare services for your employees you can receive a tax credit of 25% of the qualified expenses you paid for employees' childcare. You can also deduct 10% of qualified expenses paid for childcare resources and referral services. This credit is limited to \$150,000 each year.
- If you are self-employed, you can deduct 100% of the amount you paid for medical insurance for yourself and your family in 2003. This is an increase from 70% in 2002.

## Prophetic Fashions Opens its Doors!

Michelle Briggs turned her dream of owning a clothing store into a reality when she opened Prophetic Fashions, a new retail clothing business owned jointly by Michelle and David Briggs.



Michelle Briggs, owner of Prophetic Fashions Designer Boutique, has opened a new store in West Helena.

The business opened at its new location on November 15th offering a wide range of designer apparel and accessories for women. They will eventually offer men's clothing. They are located on 104 South 5th Street, West Helena, Arkansas. A Grand opening ceremony is scheduled in December 2003.

### The Journey

Michelle joined the Arkansas Women's Business Development Center (ARWBDC) program in early 2003 after seeing an ad on the local cable channel. She attended the classes "How to Start a Home Based Business" and "How to Write a Winning Business Plan" and other workshops offered by ARWBDC.

Michelle also used the Business Information Center (BIC) on numerous occasions while writing her business plan and doing research for her business.

ARWBDC referred Michelle to the Good Faith Fund's asset development program, Rapid Assets Individual Development Accounts (IDA). Through the IDA program, aspiring business owners can save money to enable them to start or expand their business. Michelle says, "The best part about the IDA program is that every dollar you save is matched with \$3, up to \$2000 in total match funds. This helps immensely"

According to Michelle, "with the help of ARWBDC, I came to the realization that I was doing the right thing by continuing to work on my business. The program has given me the confidence to follow my dreams. I have opened the doors of my store."

When asked what she would tell women, Michelle said, "All aspiring business owners should know that there is help if you want to start a small business in the Delta. Save with the IDA program and get business insights from ARWBDC, and they will help make your dreams a reality."

## 22 Graduate From FastTrac Business Training in Helena

Twenty-two entrepreneurs recently completed the FastTrac Business Training Program in Helena. A graduation ceremony was held at Phillips Community College of the University of Arkansas on November 18, 2003.

"This 10-week class is a **MUST** if you want to avoid the common pitfalls of starting a small business," says Pat Scott, Program Manager. "Why invest hundreds of dollars in a business idea

that you know nothing about? Yet we are seeing more and more eager entrepreneurs lose their money because they did not take time to do a feasibility study," Scott explains.

The program is specifically designed for entrepreneurs at the start-up stage of a business. During the ten-week program, students complete a feasibility study for their business idea. The process helps them in developing a concrete business plan as well as equipping them with the basic business management skills. For details on upcoming classes, call our offices.

### FAQ, continued from page 1

**Q.** I have a home-based business. Can I deduct my household expenses?

**A.** If you use part of your home exclusively or regularly as your principal place of business or as a place where you meet or deal with customers, you may deduct expenses for use of part of your home. Certain rules apply to daycare providers.

**Q.** In addition to my regular job, I have a part-time janitorial service. Do I have to report the money I made?

**A.** Yes. This is self-employment income.

Obviously, everything you need to know about small business taxes cannot be covered here in fine detail. For more information on tax topics, forms, and publications, visit the IRS website at [www.irs.gov](http://www.irs.gov) or contact your local tax advisor.



Front Row L-R: Pat Scott, ARWBDC Program Manager, Dr. Rosunde' Nichols, Doris Smith, Evelyn Thomas, Viola James, Ruthie Amos, Gertie Charles.  
Back Row L-R: Donald Davis, Sandra Coney, Winifred Wells, Sharon Harrison, Patricia Ashanti, Sherry Hoskins, Willie Allen, Holly Morrow, Andrea Valenzuela, alt. Consulting, Michelle Briggs, Gracie Gonner, Jessie Toney, Sadie Barnes, Betty Riley  
Not Pictured: Barbara Crabb, Soo Bin Crabb, Laketha Thomas

# Training & Workshops

## How To Start a Home-Based Business-Forrest City

**Highlights:** How to start a home-based business and make sure that it's profitable.

**Cost:** \$30

**Time:** 6 to 8:30 p.m. every Tuesday night

**Location:** East Arkansas Community College, 1700 Newcastle Road, Forrest City

| Date          | Class                     |
|---------------|---------------------------|
| Jan. 20, 2004 | Orientation & feasibility |
| Jan. 27, 2004 | Industry analysis         |
| Feb. 3, 2004  | Marketing strategy        |
| Feb. 10, 2004 | Financials                |
| Feb. 17, 2004 | Taxes and legal structure |
| Feb. 24, 2004 | Loans                     |

## FastTrac First Step—Pine Bluff

**Highlights:** 11 weeks on how to start your business and how to make sure your business will be profitable.

**Cost:** \$50

**Time:** 6 to 9 p.m. every Tuesday night

**Location:** Good Faith Fund, 2304 W. 29th Ave, Pine Bluff

| Date           | Class                         |
|----------------|-------------------------------|
| Jan. 20, 2004  | Orientation                   |
| Jan. 27, 2004  | Defining your idea            |
| Feb. 3, 2004   | Money management              |
| Feb. 10, 2004  | Defining your product/service |
| Feb. 17, 2004  | Understanding your industry   |
| Feb. 24, 2004  | Understanding your market     |
| March 2, 2004  | The cost of doing business    |
| March 9, 2004  | What profit will you make?    |
| March 16, 2004 | The cash flow report          |
| March 23, 2004 | Accounting                    |
| March 30, 2004 | Graduation                    |

## The Business Side of Childcare—Helena

**Highlights:** Starting a profitable childcare or daycare center

**Cost:** \$30

**Time:** 6 to 8:30 p.m. every Tuesday night

**Location:** Phillips County Community College, 1000 Campus Drive, Helena

| Date           | Class                      |
|----------------|----------------------------|
| March 16, 2004 | Licensing requirements     |
| March 23, 2004 | Food programs & nutrition  |
| March 30, 2004 | Cash flow statement        |
| April 6, 2004  | Taxes and legal issues     |
| April 13, 2004 | Enhancement grants & loans |
| April 20, 2004 | Graduation                 |

## Business Counseling

**Highlights:** Free one-on-one business counseling is available to aspiring women entrepreneurs or women business owners.

**Cost:** Free

**Time:** Call to schedule an appointment

**Locations:** Pine Bluff, Helena, Forrest City and Camden

## How to Write A Winning Business Plan—Camden

**Highlights:** A solid business plan is key to obtaining a loan. Learn how to write a concise and clear business plan and how to create financial projections.

**Cost:** Free

**Time:** 11:30a - 12:30p

**Date:** February 25

**Location:** Community Room, First Bank of South Arkansas 1325 Highway 4 Bypass (across from Wal-Mart), Camden

## Taxes

**Highlights:** Taxes relevant to a small business including sales taxes and payroll taxes. What if your taxes are delinquent?

**Cost:** Free

**Time:** 11:30a - 12:30p

**Locations:**

Forrest City: January 14, East Arkansas Enterprise Community, 1000 Airport Rd

Helena: January 15, First National Bank, 502 Cherry

Pine Bluff: January 22, February 19  
Good Faith Fund, 2304 W. 29th

## SBA Loans and Grants

**Highlights:** Small business owners needing loans for their businesses and those interested in financing the start-up or purchase of a small business are encouraged to attend.

**Cost:** Free

**Time:** 11:30a - 12:30p

**Locations:**

Helena: January 21, First National Bank, 502 Cherry

Forrest City: February 18, East Arkansas Enterprise Community, 1000 Airport Rd

Pine Bluff: March 10, Good Faith Fund, 2304 W. 29th

## Knowing & Understanding Your Credit-Forrest City

**Highlights:** Credit report and credit scoring, improving your credit, creating a nontraditional credit history, taking control of your credit. Free credit report upon request & authorization.

**Cost:** Free

**Time:** 11:30a - 12:30p

**Date:** March 17

**Location:** East Arkansas Enterprise Community, 1000 Airport Road, Forrest City

## To Register:

To register for training, workshops or business counseling call:

Pine Bluff: Miriam at 888.323.6233 or 870.535.6233 x.38

Helena: Pat at 870.816.1120 or Vida at 870.816.1126

Forrest City: 870-630-2005

Camden: Miriam at 888.323.6233 or 870.535.6233 x.38

# ARWBDC

Arkansas Women's Business Development Center

ARWBDC's mission is to create income and assets for women of the Delta by helping them start and grow their own small and micro-businesses.

## How Can You Help?

ARWBDC relies in part on financial contributions from individuals, corporations, and foundations to provide funding for our much needed programs and

services. Contributions enable us to expand these programs and offer our services to more people each year.

Making a financial contribution to ARWBDC is easy and is a wonderful way to give back to your community. As a program of Southern Financial Partners, a 501(c)3 tax exempt non-profit organization, your donation to ARWBDC is tax deductible to the fullest extent allowed by law.

For more information about making a financial contribution to ARWBDC, please contact Miriam Karanja at 870.535.6233, or via e-mail at [arwbdc@ehbt.com](mailto:arwbdc@ehbt.com).

## ARWBDC Regional Offices

### Pine Bluff

Good Faith Fund  
2304 West 29th Avenue  
Pine Bluff, AR 71603  
870.535.6233 or  
toll-free 888.323.6233

### Helena

First National Bank of Phillips  
County  
502 Cherry Street  
870.816.1120

### Forrest City

By Appointment  
870.630.2005

### Camden

By Appointment  
888.323.6233

e-mail: [arwbdc@ehbt.com](mailto:arwbdc@ehbt.com)

visit us on the web at:

[www.southernfinancialpartners.org](http://www.southernfinancialpartners.org)

ARWBDC is partially funded by the U.S. Small Business Administration's Office of Women's Business Ownership (OWBO) under Cooperative Agreement Number -99-012.). The Office of Women's Business Ownership is established to help women become full partners in economic development through small business ownership. The Women's Business Ownership homepage is: [//www.sba.gov/womeninbusiness](http://www.sba.gov/womeninbusiness). ARWBDC is a public private partnership of the U.S. Small Business Administration and Southern Financial Partners, a non-profit affiliate of Southern Development Bancorporation. SBA's cooperation does not constitute or imply its endorsement of any opinions, products and/or services. Reasonable arrangements for persons with disabilities will be made if requested at least two weeks in advance. All SBA programs are extended to the public on a nondiscriminatory basis.

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