

IRS Launches Campaign to Help New Small Businesses

The Internal Revenue Service has launched a year-long campaign to help educate new self-employed small business owners about federal tax responsibilities and about filing [Schedule C](#), Profit or Loss from Business.

“One of the biggest challenges faced by people starting out in business is understanding and meeting their tax filing requirements,” said Kathy Petronchak, commissioner of the IRS’s Small Business/Self-Employed operating division. “It’s a new, different and potentially overwhelming experience for them. We want new small business owners to know that the IRS has resources to help them learn about their federal tax responsibilities and avoid common pitfalls.”

The campaign will provide new [Schedule C](#), Profit or Loss from Business, filers with improved and updated educational materials through a variety of channels, including [IRS.gov](#), small business workshops and other outreach events.

Schedule C is filed by sole proprietors (one-owner businesses) as an attachment to their Form 1040 individual income tax return. Self-employed individuals with less complex situations – including business expenses of less than \$5,000, no net losses and no employees – may be able to file [Schedule C-EZ](#), Net Profit for Business.

About one in seven federal income tax returns includes a Schedule C or Schedule C-EZ. Taxpayers filed over 21 million Schedules C for tax year 2006, reporting overall net profits from sole proprietorships totaling more than \$269 billion.

In this introductory phase of the campaign, IRS is offering some basic tips to avoid potential problems:

- Classify workers properly as [employees or independent contractors](#) as determined by law, not the choice of the worker or business owner;
- Deposit federal [employment taxes](#), called trust fund taxes, according to the appropriate schedule;
- Start making quarterly [estimated quarterly payments](#) to cover your own income tax and social security [self-employment tax liability](#);
- Keep [good records](#) to protect your personal and financial investment and to make tax filing easier;
- Consider a [tax professional](#) to help you with Schedule C;
- File and [pay your taxes electronically](#); it’s fast, easy, and secure;
- Protect financial and tax records to ensure business continuity in the event of a [disaster](#); and
- Avoid abusive tax avoidance schemes such as the IRS’s 2008 “[Dirty Dozen](#).”

The first event in the campaign is a free [national phone forum](http://www.irs.gov/businesses/small/article/0,,id=166814,00.html) (<http://www.irs.gov/businesses/small/article/0,,id=166814,00.html>), "Calling All First Time Schedule C Filers, on May 21. It will review common pitfalls for new small businesses to avoid.

To get the latest information about other events and learn about new products and services as they become available, start a FREE subscription to [e-News for Small Businesses](http://www.irs.gov/businesses/small/content/0,,id=154826,00.html); just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit.