

Information from Jeanne Owen

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Why should a business hire a bookkeeper?

Keeping track of your day-to-day income and expenses can be very daunting and time consuming. It is very important that you track all of your daily activities to see if you are profitable, and what changes may need to be made.

What type of services does a bookkeeper provide?

A bookkeeper will track your income, expenses, large purchases, monies that are owed to you and monies that you owe. He/she will also make sure that all forms and reports are filed in a timely manner.

Couldn't a small business owner do their own bookkeeping?

They certainly can. A lot of small business owners do their own bookkeeping. However, you should be very confident that you are qualified and are familiar with what needs to be tracked. Do you know that all large purchases need to be separated out from the small items? Large purchases may need to be depreciated over a specific length of time. Do you know how to claim meals? Which ones are tax deductible and at what rate? Does your company own its own vehicle? How will you handle mileage for you or your employees? Will you have travel expenses? How are they handled? Will you offer retirement or health benefits? You also may want to take into consideration the time effect. How much time will this take out of your day-to-day productivity and marketing? You need to compare those costs with what it will cost you to hire someone to help out. You will also have the expense of an accounting software package. Some of them are easier than others to navigate.

Would a bookkeeper also do collections?

Most bookkeepers will do as much or as little as needed. You would need to sit down and interview the prospective bookkeeper and go over your needs. Most of them usually set up monthly or quarterly schedules with options to also process your payables and collection needs.

Will the bookkeeper come to my location or do I have to bring my paperwork to them?

Once again you have to discuss this with the bookkeeper. Some will go to you, most will want the paperwork sent or dropped off to them. There are software packages where you can enter in your income and expenses and the bookkeeper can share the program and audit what you are doing. The options are almost limitless on how a good bookkeeper can offer you services. These options will also determine the fees that the bookkeeper will charge. There are even options with some bookkeepers where you can view the accounting software, but the bookkeeper can download all of your bank and credit card statements so you can have up to the minute viewing of your profitability.

Will the bookkeeper also do the company tax returns?

Most bookkeepers are not tax preparers, but they are an integral part of the process. A good bookkeeper will have your records in perfect shape so the tax preparer's job will be easy. It can get very expensive if the CPA has to clean up the books. Some bookkeepers also prepare tax returns or are connected to a tax prep firm or CPA.

What about payroll? Can I do my own payroll?

Unless you have payroll experience, I would not suggest it. You have to track your employees attendance for sick time, vacation, etc. Make sure you are calculating the wages and deductions correctly. Prepare and file all the tax forms on time after you have determined what agencies need to be set up and how they require payment. Monitor the workers comp insurance premiums, prepare the W2s. There have been issues lately with the tax

withholding tables. If you are preparing your own payroll, you may not notice that the withholding amounts are not correct.

How expensive is it to hire a payroll company?

It varies from company to company. Again, you want to do your due diligence. Some have pricing that is all inclusive, while some will charge extra for some of the tax filings and the W2 prep. You need to get a look at the full picture. Watch for that small print. Workers Comp insurance companies require annual audits. Check with the payroll company to see if they charge extra for that service. The cheapest price doesn't always work out to be the least expensive. Cost also depends on whether your employees use direct deposit or if you want paper checks delivered.

How is my tax return filed?

It all depends on the filing status that you choose. If you are self-employed, then the company's taxes are reported on your personal tax return. However, if you are a partnership or choose to be incorporated, then there is a separate tax return required.

Can I use my current tax preparer, or do I need a CPA?

It all depends on the qualifications of the tax preparer and how complicated your return turns out to be. So, as you can see, there are options out there for whatever your needs may be. I just suggest that you do your due diligence. Ask around for who someone else uses and recommends. Most of all, think about your needs and sit down with whoever you choose to discuss pricing, extra hidden fees, how they prefer to operate, in person or remote, and their return timeframe for any work that they perform. You may also want to look for a company that does bookkeeping, payroll and taxes. Kind of one-stop shopping. Sometimes that makes it easier and less expensive in the long run.

Created for Bellingham Public Library Open for Business Grant Program, 2023