

## Sample article for organizations to use to reach customers (396 word count)

*Post the following article on your websites and/or use in other communication vehicles for people to consider when starting a business.*

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### Starting a business? Check out these tax tips

If you plan to start a new business, or you've just opened your doors, it's important for you to know your federal tax responsibilities. Here are five basic tips from the IRS that can help you get started:

1. **Type of Business** — You will need to decide the type of business you are going to establish. The most common types are sole proprietorship, partnership, corporation, S corporation and Limited Liability Company. Each type reports its business activity on a different federal tax form.
2. **Type of Taxes** — The type of business you run usually determines the type of taxes you pay. The four general types of business taxes are income tax, self-employment tax, employment tax and excise tax.
3. **Employer Identification Number** — Oftentimes, a business needs to use a federal Employee Identification Number for tax purposes. Check [IRS.gov](https://www.irs.gov) to find out whether or not you are required to obtain and use an EIN. If you do, you can [apply for an EIN online](#).
4. **Recordkeeping** — Keeping good records will help you when it's time to file your business tax forms at the end of the year. They help track deductible expenses and support all the items you report on your tax return. Good records will also help you monitor your business's progress and prepare your financial statements. You may choose any recordkeeping system that clearly shows your income and expenses.
5. **Accounting Method** — Each taxpayer must also use a consistent accounting method, which is a set of rules that determine when to report income and expenses. The most common are the cash method and the accrual method of accounting. Under the **cash method**, you typically report income in the year you receive it and deduct expenses in the year you pay them. Under the **accrual method**, you typically report income in the year you earn it and deduct expenses in the year you incur them. This is true even if you receive the income or pay the expenses in a future year.

For more information, check out the [Small Business and Self-Employment Tax Center](#) page on [IRS.gov](https://www.irs.gov) and review the special section on [Starting, Operating, or Closing a Business](#). [Publication 583, Starting a Business and Keeping Records](#), may also help new business owners with the tax aspects of running a business. The booklet is also available on [IRS.gov](https://www.irs.gov) or by calling 800-TAX-FORM (800-829-3676).

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**NOTE TO EDITOR:** Below are links to more information on starting a new business:

#### Additional Resources:

[Tax Information for Businesses](#)

[Starting a Business](#)

[Employer ID Numbers \(EINs\)](#)

[EIN YouTube Video](#)

[Publication 583 – Starting a Business and Keeping Records](#)

[Publication 538 – Accounting Periods and Methods](#)

**On Twitter? Send these Tweets to your customers:**

New businesses: Easy to apply for an Employer Identification Number, #EIN online at IRS.gov  
<http://go.usa.gov/1aq> #IRS #taxes

Did you start a company this year? Listen to this #IRStaxtip to learn how to file #taxes for your business:  
<http://go.usa.gov/RXj> #IRS

Find out what business records you should keep for your #taxes. <http://go.usa.gov/k9p> #IRS

Are you self-employed or own a small business? Visit Small Business and Self-Employed #Tax Center on #IRS.gov - <http://go.usa.gov/1> AB