

DON'T OVERTAX YOURSELF!



Tax Tips for Coaching Businesses in Canada or USA

By Gayle Scroggs, PCC, PhD

Welcome to the joys of entrepreneurial taxes!

As a self-employed small businessperson, you are in business to turn a profit—which means you are obligated to pay a share of that income in the form of taxes to your federal government. Before you whine, let's agree that this is generally preferable to losing money and not owing taxes.

But why pay more than legally required? The time to learn is BEFORE that deadline for filing taxes. You can start learning in small steps by going to the links below—forewarned is forearmed!

About.com sites offer reliable, user-friendly information, as well as numerous links to greater details on everything from the home deduction to filing extensions. If you are new to this, I advise you to seek assistance from a tax expert to avoid underpayment, overpayment, and tripping red flags that could land your return in the dreaded audit pile.

ASIDE: You may wish to check out some of the other useful small business information at these sites.

Note: This document & links deal with federal taxes only; consult a tax expert or your state or local tax agencies for information about other taxes which you may be required to pay.

CANADA

Home page for **About.com Small Business: Canada:** <http://sbinfocanada.about.com/>

- "Canadian Income Tax FAQs for Small Businesses"
<http://sbinfocanada.about.com/cs/taxinfo/a/incometaxfaq.htm>
- "Canadian Income Tax FAQs for Small Businesses"
http://sbinfocanada.about.com/od/taxdeductions/Small_Business_Tax_Deductions.htm

UNITED STATES

Home page for **About.Com Home Business:** <http://homebusiness.about.com/>

- "Top 15 FAQs for Self-Employed Taxes"
http://homebusiness.about.com/od/Home_Business_Tax_Information/a/Top-15-Faqs-For-Self-Employed-Taxes.htm

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- “15 Self-Employed Tax Deductions”
http://homebusiness.about.com/od/Home_Business_Tax_Information/a/15-Self-Employed-Tax-Deductions.htm
- To minimize your self-employment tax, see **About.Com Taxes:**
<http://taxes.about.com/od/soleproprietorships/a/self-employment-tax.htm>

Self-employed U.S.-based coaches might want to make special note of some of these potentially eligible tax deductions for expenses related exclusively to the business. They reduce your taxable income by the amount you can demonstrate you paid, so be sure to keep good records **and** to verify the eligibility of each deduction before using.

(My apologies for not having a similar list for the Canadian-based coaches; if you have a list, would you share it please?)

- Home office—with strict requirements (regular place of biz, exclusive use)
- Internet fees
- Continuing education in professional area of expertise
- Coaching-related conferences, including travel expenses
- Phone expenses
- Office supplies
- Advertising and promotion (e.g., website development, biz cards, PR costs)
- Dues and subscriptions, books
- Equipment (your PC, printer, headset, recording device)
- Auto expenses (as used for business purposes)
- Outside services such as tax and accounting help [GFS: or VAs or your own coach]
- Insurance premiums (your health insurance, with certain requirements)
- Repairs and Maintenance, e.g., for your computer
- Utilities (as part of your home office deduction)

Keep in mind that to be considered a business rather than a hobby, you should show a profit in THREE out of every FIVE years.

And, just in case you have not lived abroad, these same IRS rules apply to you when you move your base of operations to London or Bali or the moon.

I hope this may this leave more money in your pocket for more coach training, a good spa vacation, your retirement, or whatever you choose!

Please let me know of any changes to the above: gayle@essencecoaching.com