

SelfInformed

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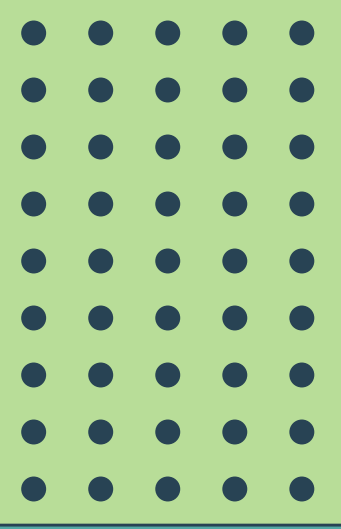
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Member Spotlight

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TAX SEASON

Tax season is upon us, and it can seem daunting, to say the least. This can especially be true for self-employed small business owners who may not know where to begin. While some may be anxious to file as soon as they can, others drag their feet as long as possible. No matter which kind of person you are, filing taxes is inevitable for all of us. However, the more prepared you are before you attempt to file, the easier the entire process will be. As a small business owner, a preparedness checklist before filing taxes is a must.

Hiring the Right Accountant for You

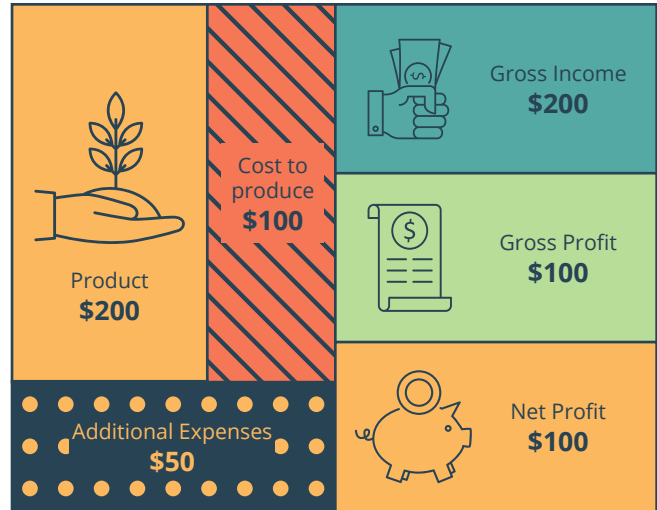
Accountants are plentiful, but that does not mean they are all the best options for your business or budget. A good accountant would work with you on your finances year-round. The effort should be beyond preparing a financial statement, or just completing your taxes, especially if you are a small business owner. Tracking your incoming, your budget, and your gross and net profits should be something they are able to assist with. A high-quality accountant should make sure you are not experiencing cash flow problems as well. For these reasons and many others, choosing an accountant should be a crucial part of your business model, and the sooner you choose an accountant to help with the books, the better.

Keeping Organized Business Records

As a small business owner, you likely already know solid record keeping plays an integral part in your business' overall success. However, well-organized books can also make tax season considerably easier and help ensure you receive all the tax deductions you are entitled to. Inadequate record keeping also puts your business at risk for an audit. The IRS can audit your taxes years into the future, so making sure your books are in order could save you a lot of headaches when tax season arrives. A good accountant can help you suggest affordable and efficient software programs to make bookkeeping more straightforward and user-friendly.

Be Sure To Claim All Income Reported to the IRS

When filing your taxes, be sure to claim the same amount of income shown on your 1099-MISC form. The IRS receives a copy of your tax forms before you file, and if the income amounts do not align, your business will likely be audited. Even if you do business where you do not receive a 1099 form, you still need to report your income. Not doing so is a fast way to flag the IRS to potential fraud. These rules also apply to state taxes, the rules of which vary from state to state. An experienced accountant will be able to assist you in knowing and understanding your local tax laws and filings.



Differentiating Between Your Gross and Net Incomes

Gross and net incomes can be tricky for new small business owners who are just starting out. Not understanding the difference between the two can quickly spell trouble for the future of your business. Gross Income is the money your business receives for goods you sell or for services you provide. However, every business has expenses, and those expenses need to be taken into account to determine your company's profits properly.

Gross Profit is your business' profit margin, and it may vary depending on what product you sell and how much it costs to produce that product. For example, if you sell your product at \$200, but it costs you \$100 to produce, then your Gross Income would be \$200, and your Gross Profit would be \$100. Make sure to take the time to consider the cost of the materials; the person-hours spent in production may bring your Gross Profit down to only \$50. You most likely will have other expenses that are not directly related to the production of that product, such as rent, utilities, office supplies, etc. Subtracting those expenses from the Gross Profit will yield your Net Income. Your Net Income is basically the money that will end up being taxable and the basis for what you get to keep. Make sure you are taking the time to price your product or services correctly and, in doing so, are establishing a cornerstone of any successful business model.

Classifying Your Business Correctly

Improperly classifying your business can quickly send your business down the wrong road. Misclassified companies often miss tax deductions and end up overpaying when tax season rolls around. The classification you choose for your small business will significantly affect your tax return, so there is a lot at stake regarding getting it right. It would be wise to consult your accountant or possibly an attorney in your state before officially determining your small business' tax classification. The classifications for businesses are as follows:

- Limited Liability Partnership
- Single Member LLC
- Multi-Member LLC
- Sole Proprietor
- C Corporation
- S Corporation
- Limited Liability Company

Keeping Business and Personal Expenses Separate

The practice of separating business and personal expenses is not just good for your profit margins, it is an excellent idea for your tax filings. If you neglect to separate bank accounts, you are running the risk of both a professional and personal IRS audit. Even if you correctly claim your business' income, if the IRS notices a mixing of funds, they will likely look deeper into your finances. When starting up a new business, always open a new bank account and credit card, which is easily separated from any personal cards and accounts you may already hold. All business expenses should be run strictly through business accounts. Following these rules will also ensure a much smoother tax filing.



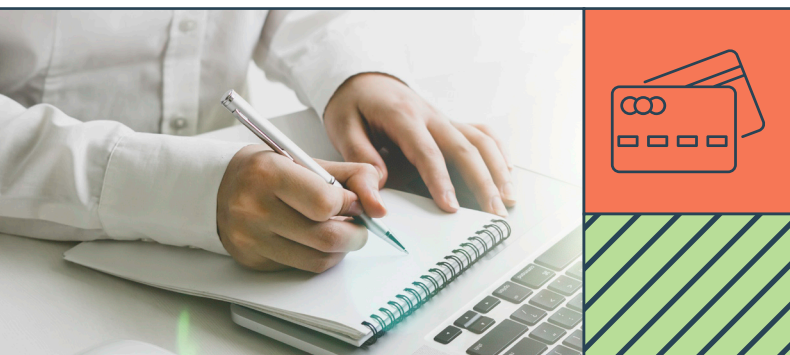
Managing Your Payroll

Managing payroll for your small business' employees can be a difficult task, one that may be best handled by someone who is not already in charge of running a company. Hiring a payroll specialist or outsourcing to a payroll company are smart options. Still, anyone hired to assist in your business should be vetted for experience and possibly past customer or employer reviews.

It is not unheard of for small business owners to outsource their payroll management to a more minor third party in an attempt to save money. However, this choice may be an unnecessary risk. If the proper amount of payroll taxes are not being paid, your business will still be billed for the missing payroll tax payments. The IRS has been known to monitor payroll taxes quarterly, so it is in your business' best interest to keep up on the payments.

Work With Your Accountant to Finely Tune Your Business Plan

Knowing how much to invest in your professional and personal future can be confusing. However, an experienced accountant should be able to guide you through the process of setting you and your business up for financial success and security. After choosing an accountant you can trust, you can ask for advice on how best to grow your business. Your accountant may advise you to invest in your retirement fund rather than take a personal bonus from your business or whether certain choices are financially preferable, such as buying or renting office space. Saving money everywhere possible can ensure success and a hassle-free tax filing.





Using Capitalization Rules to Your Advantage

The laws surrounding tax capitalization can vary by business classification. All businesses require investments and purchases, big and small. If you buy equipment, materials, vehicles, or property for your business, then tax capitalization can save you considerable money via tax write-offs. Questioning your accountant about what purchases save money can help you productively invest in your company's future.

Understand Your Business' Tax Filing Deadline

Single Member LLCs, Sole Proprietors, and businesses that conclude their tax year on December 31st have their tax filing due on April 15th every year. This date is the same for all personal tax returns. Knowing when your company taxes are due can help you create a payment plan for whatever you owe and ensure you avoid late fees and penalties from the IRS.

Partnerships, Multi-Member LLCs, S Corps, and C corps all have a tax deadline of March 15th. Your business' classification may determine your taxes being due a month earlier than you had planned. Mark your calendars in advance and take note if the 15th of March or the 15th of April fall on a weekend or holiday. If they do, you will have until the following business day to file your taxes without fear of penalties.

Determine if You Will Need a Tax Filing Extension

Self-employed small business owners often lead hectic lives, and sometimes things can get away from us. If tax season comes up without you realizing it, you may be tempted to do a rush job on your tax filing. The wise business decision would be to fight that temptation and file for a tax return extension instead. Rushing through your tax return can all but ensure mistakes are being made. Hopefully, these mistakes are small, but you run the risk of missing something big and being hit with an audit. It is best to avoid filing incorrectly and give yourself several additional months. As long as you submit an extension form on or before the tax deadline, the IRS is usually willing to grant extension requests to both personal and business tax filers. Keep in mind that the extension process is for additional time to file the return itself and NOT an extension of time to pay any tax that you owe. If you expect to owe tax with your return, do a quick guess of what you think you will owe and send that payment with the extension.

How Do I Learn More?

To learn more about preparing for tax season, contact the experts at [NASE](#). Our licensed professionals will be happy to answer any questions you have.

New!



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Well Traveled Self-Employment

Sheree M. Mitchell is the President & Founder of Immersa Global. Immersa Global is an upscale inbound tour operator and destination management company that specializes in exclusive food, wine, art, and faith-based travel programs as well as small meetings and events in Portugal. As an American company founded on over 15 years of experience in the luxury market in Florida, Immersa Global is uniquely qualified to handle the most discerning North American clients' needs for leisure and business travel and small event production. Our approach is so unique, that we've garnered the attention of major international travel media such as Forbes, Travel & Leisure, Travel Weekly, and more.

When and why did you join the NASE?

I joined NASE in 2020 in search of a community of like-minded small business owners and entrepreneurs. I've always belonged to industry-specific organizations, but during the pandemic, at a time when I felt the most vulnerable as a small business owner, I wanted to connect with an organization that could understand my journey and represent my interests on Capitol Hill.

What inspired you to enter the field you are in?

Extended international travel and global citizenship have been lifelong goals for me. As a teen and young adult, I had the chance to travel and study abroad each summer for 10 years. However, it wasn't until graduate school that I realized that I wanted to explore travel as a business. Fortunately, during that time, I was given the opportunity to design and lead a cultural immersion program to Costa Rica for a group of Florida college students. After that experience, it was clear to me that I would pursue a career in the tourism and hospitality fields.

Member Spotlight

When and why did you start your business?

I've been curating travel and designing customized cultural and language immersions programs abroad since 2002 (well over a decade before Immersa Global was incorporated). The "why" is simple, there was an opportunity in the market for what I had to offer which was influenced by my own experiences as a foreign language learner (and educator), my unique experience as a solo female world traveler, and my ability to design unique theme-based leisure and business programs abroad for discerning Americans. Immersa Global has evolved significantly since its inception, but one thing has remained constant: theme-based programs, events, and experiences where clients engage with highly-accomplished professionals in the target destination.

How do you market your business?

Immersa Global serves a unique niche market in travel and tourism and event production. We're currently using online marketing, my speaking engagements at industry trade shows and conferences, referrals, and PR services to engage with clients.

What challenges have you faced in your business? How have you overcome them?

For anyone in the travel and tourism sector, Covid-19 has been the most catastrophic event in modern history. The pandemic completely devastated the industry to a point that many small tour operators and DMCs have been forced out of business for good.

Pre-pandemic, Immersa Global's two biggest challenges were connecting with B2B and B2C clients who valued our products and services as well as securing international supplier partners who could meet our high expectations. Both of these challenges have become less prevalent over the years, but it wasn't immediate. Getting our brand in front of the right client included a lot of trial and error in our marketing approach. What's been most effective was adding a public relations specialist to our team. The difference was felt almost immediately.

On the other hand, the solution to finding the right supplier partner was directly tied to my ability to conduct business in Southern Europe.



Over the years, I've learned to assume nothing and communicate Immersa Global's needs and expectations in very basic and specific language very early on. We've even implemented a system where a team member will prescreen suppliers and only recommend them for a proper site visit and meeting if they are indeed an excellent fit. Both solutions have helped to streamline our processes and save a considerable amount of time and money.

Do you have any employees?

Yes, I have two part-time virtual assistants and I hire independent contractors for business support and larger projects. In the near future, I'd like to hire a full-time multilingual and multicultural administrator.

What's your schedule like, what's a typical day for you?

Regardless, if I'm in the US or Europe, I'm up by 6:30am, exercising by 8:00am and at my desk by 9:30am until 8:00pm or later. (My day tends to be longer than most due to the need to accommodate clients' schedules in different time zones.) My typical workday includes designing new programs, meeting

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with clients via Zoom, and liaising with team members and suppliers. The bulk of my work can be done remotely with the exception of site visits (i.e. upscale hotels, restaurants, and meeting and event venues), exploring new regions to develop new products, or when I need to be onsite to supervise the more complex projects.

What's the best thing about being self-employed?

I really appreciate the freedom that I have to be as creative and innovative as I deem fit for Immersa Global. I enjoy being able to steer the company based on my vision without having to go through layers of gatekeepers. I also really enjoy the daily challenges that come with operating a business in a very dynamic industry. However, my favorite thing about being self-employed is having complete control over my time and performance. My work requires an enormous attention to detail, a high level of discernment, and acute cross-cultural competences; skills that are best executed in comfortable work environments that I define and create for myself.

What's the best compliment you've ever received from a client?

From a B2B client: "Your team made my clients feel welcome and cared for the entire time. Thank you!" From a B2C client: "Our trip to Portugal felt like we were visiting a good friend from college who introduced us to her local network. Everyone we met knew Sheree and treated us like royalty!"

What's the most important piece of advice you would give to someone starting their own business?

Have a team of mentors, friends, or acquaintances who are also small business owners with whom you can talk. You will need to be in constant contact with people who've personally gone (or currently going) through the challenges of entrepreneurship. It's such a unique experience that only those who've been there can relate. Also join professional organizations in your industry. This could also be a source of support as the people who join these types of groups are usually seeking a community of like-minded founders and leaders with whom to engage.

Which NASE member benefit is most important to you?

I really appreciate the legal services that NASE made available its members. All of the benefits are great, but this is the most valuable one for me.

Any other information you would like to share?

Thank you for creating opportunities to support and highlight our small businesses within the NASE network. The growth grant and the monthly member spotlight are so important, especially now as many of us are recovering from the pandemic.



NASE SUPPORTS TWO NEW BILLS FOCUSING ON SMALL BUSINESS AND ENTREPRENEURSHIP

In February, the National Association for the Self-Employed announced its support of two pieces of legislation introduced in the Senate and one in the House.

The first, a bipartisan bill, the **Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy Act (CREATE) Act**, designed to “support small businesses in creative industries by increasing access to federal resources to help them grow.” The measure was introduced by U.S. Senators Brian Schatz (D-Hawaii) and John Cornyn (R-Texas).

The NASE highlights the support and assistance the CREATE Act offers through improved lending programs to technical assistance all lead to a targeted approach for this important business demographic as more entrepreneurs join the ranks of the self-employed and micro-business community. We believe we must continue to support this community now more than ever to continue to help strengthen and grow our local and national economy across the country.

U.S. Representative Debbie Dingell (D-MI.) has introduced companion legislation in the U.S. House of Representatives.

The second, the *Promoting Local Arts and Creative Economy Workforce (PLACE) Act*, would support workers and small businesses in creative industries by increasing federal resources and expanding federal benefits for those using creativity and skill in their employment” by U.S. Senator Brian Schatz (D-Hawai’i).

This legislation is the perfect complement to the bipartisan CREATE Act — both pieces of legislation will go a long way to ensure fairness and equity in helping to strengthen a key, growing creative industry in the small business community. The support and assistance offered by both these measures provides a targeted, surgical approach to ensuring these communities will have the critical resources they need to succeed and grow. Many of these new entrepreneurs are joining the expanding self-employed small business demographic at record-breaking rates. As the small business community surges, we must continue to support it now more than ever to continue to ensure a robust local and national economy across the country.

The NASE is pleased to support these two pieces of legislation and look forward to working with our partners in the Senate and House to advance these two bills.

[Read more about the CREATE Act](#)

[Read more about the PLACE Act](#)

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