



COMMON ACCOUNTING QUESTIONS AND ERRORS

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1. What is the Best Way to Set Up Your New Business?

The best way to set up a new business is unique to that type of business. Your advisor will need to understand what type of business it is, how many potential employees it will have, location, and expectations of the business. The risk of operation, type of products, and customer volume will also be taken into consideration. The best place to begin in Tennessee is with the Tennessee Department of Revenue (www.tn.gov). Oftentimes with new small businesses, you are unaware of what all taxes need to be filed. This website contains twenty-three different tax filings. The most common tax filings in Tennessee are the Tennessee Franchise and Excise Tax and the Sales and Use Tax; there are ways to obtain a tax exemption certificate for these taxes if you qualify.

2. Common Errors

Typically, the most common errors are forgetting to file or being unaware of which ones to file and when. There are penalties for late payment and filing. Through the Tennessee Department of Revenue website, access the Secretary of State's website. This website is specific to setting up your entity, and this is where you will be filing your legal documents. Some

companies forget to file their organizational documents. Ensure that you file an annual report with the Secretary of State's office. From this website, you are able to obtain a federal employer identification number.

There is a new website for Tennessee tax filings and help called TNTAP (Tennessee Tax Payer Access Point). Here, you can file your Franchise and Excess returns and Sales and Use tax returns. You can also pay them on this website.

3. What Type of Accounting Software Should You Use?

Quickbooks, Sage Intacct, and Microsoft Dynamics are three good, common accounting softwares. They have partnered up with other companies to give customers incredibly versatile software (inventory, payroll systems, etc). All of these systems handle importing and exporting data well. They are also all easy to use and easy to upgrade as your company grows. Mr. Johnson recommends outsourcing your payroll if you have over five employees. The services are inexpensive, and they will do your tax filings, W2s, and make sure you are in compliance.