



Introduction

Congratulations! You, along with thousands of other writers, have started your own business.

Your computer is plugged in, shelves are stocked with supplies, and you have freelance work lined up. You feel ready to get started, but has anything been overlooked?

If you are like the majority of new business owners, recordkeeping is the last thing on your mind at this point. With all the excitement surrounding this new adventure, it is hard to think about seemingly trivial matters such as how income should be recorded and what expenses should be tracked. However, bookkeeping is essential and can help reduce your taxes, which can save you money.

Bookkeeping Basics for Freelance Writers addresses issues writers face daily such as how to deduct travel expenses, determine your taxable writing income, and claim home office deductions. This book will also help you become organized and understand how to hold onto every dollar you are legally allowed to keep.

Navigating through the recordkeeping required for a small business owner can be difficult. This book is written exclusively for those of us who earn money by writing. It will include useful information to help you interpret the complexities of our federal tax code and proven techniques to reduce your taxable income.

In order to provide something tangible to follow, you will be able to view the recordkeeping forms for a fictitious writing business, Write Now. The completed forms will allow you to visualize each step in this recordkeeping system.

You can use these same forms to fill in your own information for your business. These examples will provide the information you need to complete your business federal tax return. They are designed to be quick and easy to fill out.

The few minutes it takes to complete the forms can reduce your taxable income and help you save money. If you prefer to hire a tax preparer, you can use this organized system and benefit by capturing all the business deductions you are allowed to claim. By understanding the recordkeeping required to operate your business, you will be well on your way to financial success!



Tips for Success

"Keep ideas in a file in a three-ring binder or online in some organized manner. Some people are visual and may need a physical folder."

Andrea H. Gold,
Freelance Writer;
Contributing Author to
*Heart of a Woman in
Business*
www.goldstars.com

Most states require that you become registered with them in order to operate a business. Before you start, you will need to investigate local, state, and federal regulations to determine which apply to your business. Be sure to take the time to find out the rules and follow them.

Throughout the book we have included tips from both new and seasoned writers. In the Tips for Success feature (as shown to the left) writers share the wisdom they have acquired over time. In the Writer's Block feature (as shown below) you will discover specific questions writers have submitted to me which, when answered, help clarify points made about that topic.

You will also find that each part of this book works together to assist you in forming your overall business plan. Each chapter steps through a comprehensive plan that works as a building block towards a successful writing business.

My goal with this book is to help you become an expert in the recordkeeping required to operate a writing business. You may write for a newspaper, provide copy for Web sites, freelance for magazines, or be working on a manuscript. This book applies to all of us who put thoughts and research onto paper.

By understanding and utilizing the information explained in this book, you should be able to reduce your taxable income, pay the least amount of taxes, and obtain a completely organized business recordkeeping system.

This book will help you build the foundation for success.

Writers' Block

My writing business consists of just me, myself, and I. I'm an employed reporter by day and freelance movie critic by night. I write movie reviews for our local newspaper. If time is tight and the deadline is looming, I sometimes hire a local college student to do my typing. Do I really have to go through all the work involved to get her to complete a Subcontractor Agreement?

—Nick in Florida

In a word, yes. You can skip ahead to Chapter 7 to learn more about the difference between an employee and a subcontractor, but this college student will be classified as one or the other. If she's determined to be an employee, there are a whole bunch of taxes you are going to have to learn how to track and submit to both state and federal agencies. If she's determined to be a subcontractor, it's less paperwork, but still the responsibility falls to you as the business owner paying her. Unfortunately, having the appropriate paperwork completed is a requirement. On the plus side, paying for the typing generates a nice, completely deductible, business expense which will lower your taxable income.