

Get Ready Sellers, Tax Laws Have Changed

Session Overview:

2012 brings new tax laws that are going to affect online sellers. If you're not careful, you could be seeing an increase in what you have to pay out. But, it doesn't have to be that way! Learn about these changes and get tips for getting your taxes prepared with as little hassle as possible.

Session Speaker: Laura Messerschmitt, Vice President at Outright.com

Laura has been working in the small business accounting software space for over 10 years, first at Intuit QuickBooks and now at Outright.com, with a focus on eCommerce tax and accounting issues. She has presented at eBay and Amazon Seller Meetups across the country and now brings her popular presentation to SCOE.

Session Notes:

- Sellers are responsible for two types of taxes:
 - Sales Tax: Paid by the buyer, but collected by the seller
 - Income Tax: Paid by the seller

How to Handle Sales Tax:

- **Nexus:** Which states do you need to collect sales tax in?

Post Session Resource: <http://rivescpa.co/?p=798>

eBook Recommendation: "Introduction to Sales Tax for Amazon FBA Sellers" by Michael Rice and Kat Simpson

- **Investigate and Register**: For states that you need to collect in, figure out how much you need to collect and register to collect sales tax.

Post Session Resource: <http://outright.com/blog/sales-tax-resources-for-online-sellers-in-every-state/>

- **Collect**: Set up your sales tax on Amazon and collect it.

Post Session Resource: <http://amzn.to/RXuLW>

- **Track and Remit**: Track your sales tax and send in the money.

Post Session Resource: <http://outright.com/blog/sales-tax-resources-for-online-sellers-in-every-state/>

How to Handle Income Tax:

You are taxed on profit. Profit = Revenues – Expenses. Most sellers (sole proprietors and LLCs) file a Schedule C form.

- **Reconcile**: Understand what's included in your 1099-K form that you receive from Amazon.

Post Session Resource: <http://bit.ly/xX3GBT>

- **Expenses:** Make sure to keep good records of your expenses throughout the year, since this will reduce your taxes.

Post Session Resource: <http://outright.com/blog/expensing-what-you-should-must-and-never-expense-come-tax-time/>

- **Deductions:** Take the deductions that you can legally take. This is one area where an accountant who understands ecommerce can be particularly helpful.

Post Session Resource: <http://outright.com/blog/outright-fun-facts-the-home-office-deduction/>

CPA: Wray Rives (<http://rivescpa.co/>)

Tax Attorney: Michael Rice (<http://diligenciallc.com/>)

- **Double Check:** Double check that you have reported all of the income included on any 1099-Ks you received on your Schedule C.