

4 year-end tax strategies small businesses need to know



It's almost year end—and while you may not be filing your taxes right after the new year, now is the time to plan for them.

Here are four year-end tax strategies and implications that your small business needs to consider.

1 Account for asset depreciation

Fixed asset depreciation is one of the most overlooked tax deductions that can save small businesses thousands of dollars in taxes.

What is it?

Any asset with a lifespan that a small business purchases (trucks, equipment, computers) depreciates over time. That depreciation amount can then be deducted from the business's income each year.

Which is best?

There are several software solutions for fixed asset depreciation—some more well suited for small businesses than others. Ask your accounting professional for help.



2 Understand revenue recognition

Nearly 15 years in the works, a new horizon is upon us. Starting December 2017, the way businesses recognize contract revenue on their financial statements will change.

What does this mean?

The goal of this change is to standardize how companies report contract revenue.

What to do?

Reputable accounting professionals are prepared for this change, so work with one. What's important for business owners is understanding how this impacts their business and if business model changes are necessary.



3 It's time to start managing cash flow

A 2017 survey from WePay found that 41% of small businesses have experienced cash-flow management challenges.¹ The scariest part? Cash-flow problems can affect thriving businesses, too.

What is it?

Cash-flow is the net of money coming into a business (revenue and funding) versus money going out (expenses, payroll, and so on). More money going out than coming in can cause problems, including bankruptcy.

How to do it?

There's no time better than the new year to get your cash flow in order. Consult with an accounting professional or experienced small business owner to get your business on track.

4 Plan for next year

It sounds simple, but many small businesses scramble to get their financial houses in order at the end of the year. The result? They miss out on big tax benefits for the next year.

What is it?

A plan can take many shapes, but it should be tailored for a specific business. Most plans include cash-flow strategies, financial goals, and even commitments that business owners need to make to keep their books in order throughout the year.

How to do it?

Accounting professionals and software can certainly help get your taxes done, and they can also help you build a plan. It might cost you a little up front, but chances are that the investment will pay off.

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➔ For more information, visit our [year-end resource page](#) or learn more at [sage.com](#)

1. WePay, "SMB Update: WePay Survey Finds Payment Challenges Galore," May 17, 2017. © The Sage Group plc 2017