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[IRS recognizes Small Business Week: Information and free resources for starting a business - Available in English, Spanish and Chinese \(Simplified\)](#) [1]

On 03 May, 2022

During National Small Business Week, May 1 to 7, the IRS is highlighting tax benefits and resources tied to the Small Business Administration theme for this year's celebration: "[Building a Better America through Entrepreneurship](#) [2]."

This information is available on IRS.gov in [English](#) [3] | [Spanish](#) [4] | [Chinese \(Simplified\)](#) [5].

During [National Small Business Week](#) [6], the Internal Revenue Service wants taxpayers to know there are free resources on IRS.gov for those that are starting a business. Small businesses play a pivotal role in the nation's economy. The IRS has a variety of resources available to help employers meet their tax responsibilities as well as help their employees.

Selecting a business structure

When beginning a business, taxpayers must decide what form of business entity to establish. The form of business determines which income tax return form must be filed. The most common business structures are:

- Sole proprietorship - When someone owns an unincorporated business by themselves.
- Partnerships - The relationship between two or more people to do trade or business.
- Corporations - In forming a corporation, prospective shareholders exchange money, property, or both, for the corporation's capital stock.
- S Corporations - Are corporations that elect to pass corporate income, losses, deductions and credits through to their shareholders for federal tax purposes.
- Limited Liability Company (LLC) - Are allowed by state statute and may be subject to different regulations. The IRS will treat an LLC as either a corporation, partnership, or as part of the owner's tax return (e.g., sole proprietorship) depending on elections made by the LLC and its number of members.

Understanding business taxes

The form of business being operated determines what taxes must be paid and how to pay them. The following are the four general types of business taxes:

- Income tax - All businesses except partnerships must file an annual income tax return. Partnerships file an information return.

- Self-employment tax - Is a social security and Medicare tax primarily for individuals who work for themselves. Payments contribute to the individual's coverage under the social security system.
- Employment tax - When small businesses have employees, the business has certain employment tax responsibilities that it must pay and forms it must file.
- Excise tax - Excise taxes are imposed on various goods, services and activities. Such taxes may be imposed on the manufacturer, retailer or consumer, depending on the specific tax.

Note: Generally, business owners must pay taxes on income, including self-employment tax, by making regular payments of estimated tax during the year.

Knowing when to get an Employer Identification Number (EIN)

An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number and is used to identify a business entity. Generally, businesses need an [EIN](#) [7]. This is a free service offered by the Internal Revenue Service and business owners can get their EIN immediately.

[Keeping](#) [8] good records

Maintaining adequate records will help small businesses monitor their progress, prepare financial statements, identify sources of income, keep track of deductible expenses, keep track of their basis in property, prepare their tax returns and support items reported on their tax returns. Taxpayers should maintain their records for at least 3 years.

Choosing the business year

Small businesses must figure their taxable income on the basis of a tax year. A "tax year" is an annual accounting period for reporting income and expenses. Tax years small businesses can use are:

- Calendar year - 12 consecutive months beginning January 1 and ending December 31.
- Fiscal year- 12 consecutive months ending on the last day of any month except December. A 52-53-week tax year is a fiscal tax year that varies from 52 to 53 weeks but does not have to end on the last day of a month.

IRS YouTube Videos

- [IRS Small Business Self-Employed Tax Center](#) [9] | [ASL](#) [10]

More information

- [Small Business and Self-Employed Tax Center](#) [11]
- [Hobby or Business? IRS Offers Tips to Decide](#) [12]
- [Small Business Tax Workshop](#) [13]
- [10 steps to start your business](#) [14]
- [Industries, Professions and Business Tax Centers](#) [15]

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