



*The*  
**Ultimate Guide  
To Launching Your  
Home Based Business**  
*as a Sole Proprietor*

@EDUPRENEURDIARIES

# TIP #1

START A HOME BASED BUSINESS  
SO YOU CAN INCREASE YOUR  
INCOME AND LEGALLY REDUCE  
YOUR TAXES.

## 01

### GET EDUCATED

Learn about starting a business and the tax code by watching videos, reading books, listening to podcasts and visiting the SBA and IRS website.

## 02

### THE TAX CODE: KNOW YOUR HOME BUSINESS DEDUCTIONS

The government is set up for employees to pay and businesses to win. There are 465 tax deductions for businesses!

## 03

### NAME YOUR BUSINESS

If your business name is something other than your name, you can apply for a DBA (Doing Business As). Contact your county clerks office for the paperwork.

# TIP #2

THIS GUIDE IS FOR LOW RISK BUSINESSES. IF YOU ARE A HIGH RISK BUSINESS, YOU MAY NEED TO CHOOSE A DIFFERENT ENTITY. (EX: LLC)

## 04

### CHOOSE A BUSINESS STRUCTURE/ENTITY

There are pros and cons of each structure: sole proprietors, LLC, partnership and corporation. This guide is for sole proprietors.

## 05

### REGISTER YOUR BUSINESS WITH THE STATE

By filing a DBA (not required) you are legally able to use a business name. Visit your State Tax Center to register your sole proprietorship.

## 06

### GET A BUSINESS LICENSE

Go to your city's business license website to complete an application & pay any fees. I recommend emailing your questions first for proper licenses or permits. Know your NAICS Code.

# TIP #3

YOU CAN'T HAVE A  
PROFITABLE BUSINESS  
WITHOUT KEEPING  
ACCURATE RECORDS OF  
YOUR FINANCES AND  
TAXES.

## 07

### FEDERAL TAX IDENTIFICATION NUMBER

Sole proprietors don't have to have an EIN, you can choose to use your Social Security number. An EIN is needed if you have employees. (i.e., if you hire your kids)

## 08

### SEPERATE YOUR PERSONAL AND BUSINESS FINANCES

As a sole proprietor, separating your finances is not a requirement as other business structures may be but it is highly recommended! Open a business bank account (an EIN number may be required).

## 09

### BUSINESS COMMUNICATION

To communicate with customers, set up a business email, create business cards using Vista Print. Create a Google Voice phone number.

# TIP #4

YOU MUST HAVE A SPACE THAT'S USED ONLY FOR BUSINESS TO CLAIM CERTAIN DEDUCTIONS!

## 10

### SETTING UP YOUR HOME OFFICE WORKSPACE

Fill your workspace with the proper tools/home office essentials needed to run your business. These items may be tax deductible.

## 11

### MARKETING

Having an online presence, helps you attract clients, showcase your work and list your services. Set up a website and/or social media platforms such as Instagram, Facebook, YouTube Channel, website, etc.

## 12

### SCHEDULE C: PROFIT OR LOSS FORM

Fill out the IRS Schedule C form at tax time to report your income and losses. This amount will be used to figure out the total tax liability for the year. Earn money so your business is not considered a hobby.

# TIP #5

GET A FINANCIAL EDUCATION. YOU CAN DO THIS BY WATCHING YOUTUBE VIDEOS, READING, BUYING COURSES, ETC.

## 13

### TAX PREPARER

Hire a professional/CPA to prepare your taxes for you.

Ask questions. Communicate throughout the year.

Update your W2 regularly if you have a W2 job as

## well. 14

### BOOK KEEPING

Get organized, keep good records, keep receipts, track your mileage, etc. Run your business like a business!

## 15

### RESOURCES | WEBSITES

Websites: [www.sba.gov](http://www.sba.gov) | [www.irs.gov](http://www.irs.gov)

YouTube Channels: [Lynn Richardson](#), [Investing with Rose](#), [His and Her Money](#), [The Rich Dad](#), [Minority Mindset](#), [The Wallstreet Trapper](#), [Edupreneur Diaries](#)

# FINAL THOUGHTS

## ESTABLISH A WEALTH MINDSET

### STARTING A HOME BASED BUSINESS

1: Popular home based businesses include:

bookkeeping, consulting, graphic design, e-commerce, Mary Kay, independent contractors, etc.

2: Check your local zoning laws. Make sure you are able to operate a business from your home. For example, if you live in an area with an HOA.

3: Book Recommendation: 465 Tax Deductions

4: Write a Business Plan to guide your business success.

5: Hire Your Kids to work in your home based business. This is a tax deduction for you! You can pay each child up to \$12,400 a year. Instead of giving them lunch money, buying clothes, school supplies, etc. - hire them and let them pay for it. Then get your money back at tax time!

# FINAL THOUGHTS

LEARN THE BASICS OF  
ACCOUNTING

## STARTING A HOME BASED BUSINESS

6: Create a brand for your business. Hire a freelance worker through Upwork or Fiverr to create you a business logo, etc.

7: Apply for a business credit card. This can help you establish business credit and can be used for any transactions related to your business which will make filing your taxes easier to navigate.

8: Start investing to build generational wealth and to have income for retirement. Get a custodial account for your kids and a Kiddie Roth IRA if you hire them.

9: Track your credit score and work on getting it higher for better interest rates and lower finance charges.

10. Get a WILL to establish the "who, what and when" of your estate. Get a life insurance policy!