



Proactive Advisory Group

ACCOUNTING • TAX • WEALTH

# 10 Questions Business Owners Should Be Asking Their CPA

**Business and taxes are hard. Here's what you should be asking a pro.**



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Business owners have a unique opportunity to build their own wealth and lifestyle. Reliable, objective, value driven advisory services and trusted business relationships with shared beliefs are something every business owner deserves.

Gone are the days where you only spoke to your CPA once a year...at tax time. Small businesses are the backbone of the American economy, and they realize that in order to survive and grow in a changing financial environment, relying on historical data isn't going to cut it.

What do we mean by 'historical data?' Quite simply, your tax return. A business or personal tax return is a static account of the previous year's financial performance as it relates to taxes owed. That's it.

In order to build, grow, polish, enjoy, and eventually exit your business, you won't move forward when you're focused on the rearview mirror. As a business owner, you need to understand and plan your goals, measure your progress, adjust when needed, and count on the expertise of today's version of CPA- a trusted business advisor- to steer you down the path of financial success.

We are often asked, "what should I be asking my CPA?" Here are 10 questions (and basic answers) that every business owner should be asking their CPA business advisor.

# Tax law, business structure, accounting software...

## What are the latest tax law changes that could impact my business?

01



The tax laws are constantly changing and evolving, so having an up-to-date understanding of any changes can help business owners better plan for their financial future. For example, the Employee Retention Tax Credit program (ERTC/ERC) has changed 7 times since its inception in March of 2020 and contains 1,300 pages of law. The tax code is designed to raise revenue for the federal (and your respective state) government, and there are a myriad of ways for business owners to be tax efficient. A proactive CPA will educate you and help you proactively make the best financial decisions for your business goals.

## What type of business structure should I use for my business?

The type of business structure can have a big impact on the amount of taxes a business pays and the business owner's liability. Choosing between sole proprietor, partnership, LLC, S Corporation, or C Corporation are decisions that carry varying benefits and tax implications. It is important to discuss this with an experienced CPA so that the most beneficial structure for your business is chosen.

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## Should I use an online accounting program for my business?

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Using an online accounting program, such as QuickBooks or Xero, can streamline and simplify the accounting process. It can also empower you, the business owner, with real time visibility to key financial indicators in your business. A CPA can provide advice and guidance on which program may be the best fit and how to use it to its fullest potential.



# Reporting, tax efficiency, and time-saving strategies...



04

## What reporting requirements do I need to meet?

Depending on the type of business and/or the amount of revenue, there may be different regulatory requirements that require reporting. A CPA can provide advice and guidance on what type of reports are necessary and when they need to be filed.

## How can I reduce my taxes, or be more tax efficient?

Tax deductions and other strategies can be implemented to reduce the amount of taxes owed. A proactive CPA advisor can provide advice and guidance on which deductions can be used and the most effective tax strategies for your specific business or personal situation. The most important thing you can do is to meet regularly with your CPA advisor to plan forward. You will save a lot of money in taxes with proper tax planning and strategy. If your CPA waits to assess your situation at tax time, it may be time to seek a more proactive advisor.



05

## What are time-saving strategies related to my accounting?

Utilizing automation, templates and other time-saving strategies can save time and free up resources so you can focus on your business. A CPA business advisor can provide guidance on which strategies should be used for best results based on the nature and goals of your business. You should look to your advisor for education on these strategies as well as for execution.



06



# Retirement plans and keeping a pulse on your financials...



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## What retirement plans can I set up for my business, and how should I plan for my exit?

Setting up a retirement plan for a business can provide both tax savings and savings for the future. A CPA can advise on the best type of retirement plan for the business and what contributions can be made. Whether it's a 401K, Roth IRA, profit sharing, or even a SEP IRA, there are many options your CPA can review with you to help you achieve your retirement goals as well as the goals you have for providing retirement benefits for your employees.

Every business owner should have an exit plan. At some point in time, you will be leaving your business. A knowledgeable business advisor can help you build it, grow it, polish it, and exit with more money in your pocket to pursue the lifestyle you desire.

## How often should I review my financials?

Regular review of financials can help ensure best business practices, compliance with regulations and identify potential problems. A CPA business advisor should provide proactive guidance on how often your financials should be reviewed and what should be looked for. They should be able to help you identify trends and areas of the business where improvements can be made to achieve milestones. Finally, a good CPA will offer ideas and solutions where appropriate along your business journey.



08



# Insurance and KPIs...



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## What type of insurance should my business have?

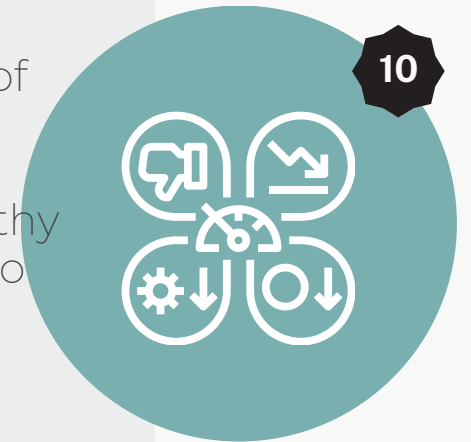
Having the right type of insurance is important to protect both the business and the business owner. A CPA can provide advice on the type and amount of insurance needed to make sure you and your business are protected.

## What Key Performance Indicators should I be monitoring for my business?

Small businesses must set clear KPIs and track a wide variety of metrics to excel in today's turbulent environment. Without insights, these companies have no true sense of how they're progressing toward goals and whether they're financially healthy or digging themselves into deep holes. Your CPA will be able to educate you on the what, why, and how behind these critical success factors for your business.

Some of the key metrics that business owners should understand and track include:

Revenue, Expenses, Net Income, Cash Flow, Working Capital, Budget vs Actual, A/R and A/P Aging, Average Customer Acquisition Cost (CAC), Gross Profit Margin Ratios, Quick Ratios, Cash Burn Rate.



10





**Running a business without a trusted  
CPA business advisor is leaving  
money on the table.**

Proactive Advisory Group has re-imagined the relationship between business owner and trusted advisor.

Our team of professionals has decades of tax and business experience that has helped hundreds of business owners grow and accumulate post-tax wealth for retirement.

We prove that anything is possible for business owners when they have proactive tax and business advice.

**To schedule your complimentary  
consultation, call (206) 522-0110.**



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