

# Money

## Taxes can be taxing

Getting it wrong can result in big fines. So, don't take unnecessary risks when it comes to tax. Use a proper billing system and computerized books.

And unless you're a tax expert, it pays to hire an accounting professional.

## Keeping the cash flowing

Cash flow can be unpredictable. All it takes is a couple of late payers, or unexpectedly having to replace expensive equipment, to find your business with serious cashflow problems.

Borrowing from traditional lenders has got harder. But there are options for small businesses wanting to minimize the risk of cash flow problems.

## Cash flow lending options:

### Business lines of credit

#### Short-term loans

Like long-term loans but with short repayment schedules, usually 3 to 18 months.

#### Invoice financing

Your best bet if your customers don't pay their invoices on time. You'll get access to 85% of your outstanding invoice and the rest once your customer pays in full, minus a fee.

#### Merchant cash advance (MCA)

If your business accepts credit card payments, an MCA means you get cash up front in exchange for a percentage of your daily credit card sales, plus a fee.

## Safeguard your finances

Tempting as it may be to sign up new clients and partners to build up business quickly, it doesn't pay to work with those who can't pay. It can damage your cash flow – and your creditworthiness.

Cover your back: run credit reports on potential customers, suppliers and partners. And monitor their credit profiles. Some firms start off paying on time but can suddenly stop without warning.

Chasing for late payments that never come takes time that's better spent running your business.

## Saving for a rainy day

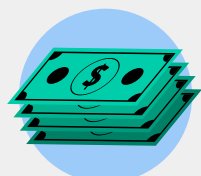
Life is full of surprises. No matter how careful you are, there'll be times your business needs a quick cash injection.

Instead of relying on what's in the bank, build an emergency fund.

Work out how much it would cost to replace equipment or staff and use that figure as a starting point. Even saving 1% of your income each month can help build a fund.

A cash reserve's not just for emergencies either. As a sole proprietor, a few days sick leave can hit your cashflow hard.

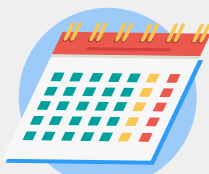
### Common reasons the IRS charges penalties include:



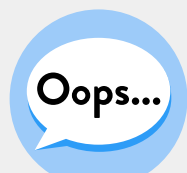
**Underpayment of estimated taxes**



**Failure to pay tax reported on return**



**Failure to file or missing deadline**



**Errors due to negligence**

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