

Micro Business for Teens Part 2: Running a Micro Business

from Carol Topp, CPA
MicroBusinessForTeens.com

Sales Presentations

Briefly describe your product or service
2-3 main benefits
Tag line
Price
Contact information
Call to action

Sales Presentation Example : Adam

Jedi knight at parties
Safe light saber fighting
“Do you dream of becoming a Jedi knight?”
Price \$50-\$75
Brochure with phone & email
“Give me a call to book your party!”

Marketing: Local markets

Fliers
Business cards
Emails
Word of mouth

Marketing: On-line

Website/blog (Wordpress.com or .org)
Social networks
Forums
Email lists (MailChimp.com or Aweber.com)

Record keeping

Record keeping = success
Kept records monthly 79% survival
Kept records annually only 36% survival

Software

Spreadsheet: Open Office Calculate (free) or MS Excel
QuickBooks.com, GnuCash.com, Freshbooks.com, Outright.com
Allows for inventory, invoices, simple to complex businesses, add-ons for payroll

Legal Information

If you wish to start a business under anything other than your real name, you'll need to register a Doing Business As (DBA) so that you can do business as another name.

Registering your DBA is done either with your county clerk's office or with your state government.

Google your state and “DBA” or “fictitious name registration” or search here:

<http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/choose-register-your-busi>

Business Licenses

You will need a vendor's license from your state if you sell a product or some services to collect and pay sales tax.

You may need other state's transient vendors or temporary business license if you travel into another state and sell.

Use SBA's search tool to find general business permits, licenses and registrations required by your state, county or city: <http://www.sba.gov/content/search-business-licenses-and-permits>

Tax ID number

Keep that Social Security Number secret! Use an Employer Identification Number (EIN) instead. An EIN is required if you hire employees or pay an independent contractor more than \$600. Get one EIN for all businesses you will ever own. Good for life! Application is free at IRS.gov search "EIN" or Form SS-4

Taxes: Federal Income tax:

0% up to a profit (net income) of \$6,100 (2013)

10% for profit of \$6,100 to \$8,925 (2013)

Teens file their own tax return but can still be their parents' dependent

Use Schedule C Business Income on Form 1040 to report business income and expenses

Website and ebook: <http://TeensAndTaxes.com>

Self-Employment Tax (Social Security & Medicare for self-employed people)

15.3% of business profit over \$400 (the \$400 floor has not been adjusted in decades).

Example: Tom earns a profit from his micro business of \$7,025. His Federal Income tax = \$59 and his Self Employment Tax = \$863. You can owe little in income tax, but owe a lot in SE tax!

Reducing Taxes

Household employees under age 18 pay no self-employment tax!

You must work in or around a household doing childcare, lawn care, house cleaner, etc



Carol Topp, CPA is the author of the *Micro Business for Teens* book series and host of the PBS television program *Starting a Micro Business*.

Carol is available to speak to your group or class live or via Skype. Email her at Carol@MicroBusinessForTeens.com to arrange a presentation.

Find more information on Carol, group discounts on her books and micro business ideas visit

MicroBusinessForTeens.com