

**Medzam Consulting LLC provides professional services in areas of impact** that allow you and your business a position of stability, development, and growth.

We focus on **providing you and your business with the necessary, comprehensive tools**, with the understanding of our heightened sense of responsibility, and joining efforts to generate results.

**Business owners must recognize that some of their responsibilities and obligations, include** but are not limited to, declaring and paying the following:

- Federal Taxes and Reports (with the Internal Revenue Service).
- State Taxes and Reports (e.g., with the Washington Department of Revenue)
- Local Taxes and Reports. These obligations are based on annual, quarterly, and/or monthly periods, depending on the type of your business (e.g., City of Seattle).



Medzam Consulting LLC does not provide legal services. The information contained in this brochure is solely for general information purposes. This information should not be taken as legal advice for any individual case or situation.

All information shared in this brochure possesses an informative character, in no case does it establish nor constitute a client-consultant relationship.



## CONTACT US

☎ 1-855-MEDZAM1 (6339861)

Fax: (425) 818-9600

f @medzamconsulting

contact@medzamconsulting.com

[www.medzamconsulting.com](http://www.medzamconsulting.com)



## Responsibilities and Obligations for Business Owners



### City Taxes

A City Tax is levied by a local authority, such as a county or city. This tax is usually collected in the form of property taxes or business sales taxes to fund a wide range of civic services, from garbage collection to sewer maintenance, amongst others. The amount of city tax can vary widely from one jurisdiction to the other.

### Other Reports and Payments for Businesses

- Reports directed to the Department of Labor & Industries (L&I)
- Reports of Employment Security directed to the Employment Security Department (ESD).
- Reports of Paid Family and Medical Leave directed to the Employment Security Department (ESD).
- Reports of WA Cares Fund directed to the Employment Security Department (ESD).

### Supporting Documentation

Purchases, sales, payroll, and other transactions you have for your business generate supporting documents. Supporting documents include, but are not limited to, the following: sales receipts, paid invoices, bills, expense receipts, deposit slips, and canceled/voided checks. These documents contain information that you must report in your federal and state taxes. It is important to retain these documents as part of your business records.

### Federal Taxes

The type/industry of your business determines what taxes you must file and how you will pay them. The following taxes are required for business owners:

- Income Tax,
- Payroll Tax (if applicable),
- Excise Tax,
- And others.

### State Taxes

Washington State Tax amounts are considered trust funds and must be remitted to the Department of Revenue. State Tax is paid on gross income earned by businesses conducted in within the state of Washington. In this case, no deductions are allowed for labor, materials, taxes, or other costs; deductions, however, may be allowed on your Federal Tax Return.

The amount to be paid of Sales Tax will depend on the city where the job is performed (it is usually up to 11% plus the value of the work). We suggest that you download the "WA Tax Rates" application on your phone to have an exact rate on the Client's Sales Tax to include on the Invoice or receipt of your business.

When you receive money or goods for sales and/or services you perform, **you must provide a receipt or invoice to the customer. You should include the following information on this receipt or invoice:**

customer name, quantity of product or service, description of the product or service, date, address where the job was performed (in the case of repairs, remodeling, installations and/or maintenance), amount to be paid for the product or service provided, sales tax (if applicable), and the total amount to be paid for all the products or services.

To deduct and record your business expenses, **you must keep receipts and invoices for all purchases and expenses/costs you make for your business.** The expenses/costs you record must be for business activities only. For example: advertising, car expenses (if applicable), commissions and/or fees, insurance, office supplies, tools, parts and/or materials, rent, utilities, and others.

**We suggest that you DO NOT use your personal account for business activities or vice versa, under any circumstances.** In any case, you must open a bank account to manage the records of your commercial or business activity (in order to maintain a separation of your liability).

Please remember that **if your business reports are filed late, you may be subject to penalties and interest.** It is the business owner's responsibility to stay current with the filing and payment of their taxes.

