

Micro Business For Teens

Running a Micro Business

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What is a Micro Business?

- Simple and fast start up
- Sole proprietorship
- Little start-up money
- Usually home-based
- Low risk
- Manageable
- Easy to close down
- Purpose to learn and earn

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Running a Micro Business

- Sales
- Marketing
- Record keeping
- Legal information
- Taxes



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Sales Presentations

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

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Sales Presentation: 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 par



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Marketing

- Local markets
 - Fliers
 - Business cards
 - Emails
 - Word of mouth
- On-line
 - Website/blog (I like Wordpress.com)
 - Social networks
 - Email lists

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Record keeping

- Record keeping = success
 - Kept records monthly 79% survival
 - Kept records annually: 36% survival
- How am I doing?
 - Did I make a profit?
 - What's working?
- Lower taxes

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Amanda's Dance Lessons

Date	Check Number	Description	Income	Advertising	Supplies	Other	Inventory
Jan 3	cash	water			\$10.00		
Jan 3	debit	business cards		\$24.00			
Jan 5		Tuesday class, 5 students	\$250.00				
Jan 5		Sell 3 T shirts	\$30.00				
Jan 7	debit	video				\$15.00	
Jan 9		Sat class 6 students	\$300.00				
Jan 9		Sell 2 T shirts	\$20.00				
Jan 12		Tuesday class, 1 student	\$50.00				
Jan 12		Sell 1 T shirt	\$10.00				
Feb 8	cash	water			\$10.00		
Feb 20	120	Buy 20 T shirts					\$135.00

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Software

Spreadsheet

- Open Office Calculate (free) or MS Excel
- Simple, cheap

QuickBooks, GnuCash, Freshbooks

- Allows for inventory
- Invoices
- Simple to complex businesses
- Add-ons for payroll

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Legal Information

- Doing Business As (DBAs)
- Business Licenses
 - Business.gov/register/licenses-and-permits
 - Vendor license if you sell products
 - Health permits
 - Zoning, sign & occupancy permits
- Tax ID number (EIN)
 - www.IRS.gov

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Taxes

- Federal Income tax
 - 0% up to a profit (net income) of \$5,700 (2010)
 - 10% for profit of \$5,700 to \$8,350 (2010)
- Teens file their own tax return
 - Can still be parents' dependent
 - Schedule C Business Income
- TeensAndTaxes.com



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SE Tax: The Hidden Tax

- Self-Employment Tax (Social Security & Medicare)
 - 15.3 % of profit over \$400
- Tom earns a profit of \$7,025
 - Federal Income tax = \$84
 - Self Employment Tax = \$993
- You can owe little in income tax, but owe a lot in SE tax!

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Reducing Taxes

- Household employees
 - No Self-employment tax!
 - Work in or around household
 - Childcare, lawn care, house cleaner
- Tax deductions
 - Mileage, advertising, education, etc.

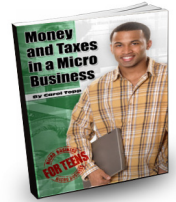
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More Information

Money and Taxes in a Micro Business

Income
Cash Flow
Profit
Federal Taxes
State & Employer Taxes
Sales Tax
Employees and contractors
Working with an accountant



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Questions?

- Ask me about...
 - LLCs
 - Hiring employees
 - Partnerships
 - Sales tax
 - Anything else!

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