



### Forms W-2, W-4, W-9, 1099

**The following are common forms related to income taxes:**

**W-2** - The tax form employees receive annually, showing earnings and withholdings. Usually brought in to their **accountant** (A professional who gets paid to keep you out of trouble. An expert with years of accounting and bookkeeping experience who works for big companies, small companies, banks, brokerage firms and so on. They can help you figure out what to do in various tax- and business-related situations.)

**W-4** - A form you fill out for your employer, providing guidance to the amount of salary withholding.

**W-9** - A form **sole proprietors** are asked to fill out that confirms that the contracting party is not responsible for withholding taxes. (You are the sole owner of a business that is not incorporated. You may have employees but you yourself do not get paid a salary with traditional deductions. You withdraw cash as you need (assuming you make enough money to pay yourself!). **One-person LLC's** are the equivalent of sole proprietors for tax purposes. **Consultants** (unless paid as employees) and *independent contractors*? You too. Consultants are professionals who offer their expertise to businesses, including their ex-employers.

**1099** - Statement of annual earnings for a **sole proprietor (SP's)**, a copy goes to the IRS and lets them know that you are in business for yourself. Don't worry about this form. It queues things up for you to do your self-employment taxes. (Self-employment taxes consist of social security ("fica") and medicare. **SP's** pay close to 15% of their net self-employment income in payroll taxes. W-2 employees have ½ of these payroll taxes withheld automatically from their paycheck. The employer pays the other ½ directly. As an SP you are considered both employer and employee.)

At Accounting Breeze, we work as one team with a common purpose – to provide best-in-class service to our customers. ***Our mission is to help small business owners generate revenue, manage growth, and increase profits, all while maintaining a peace of mind.***

On behalf of everyone at Accounting Breeze, we continue to wish you a prosperous NEW YEAR,

*Nury Gomez*

Nury Gomez, MBA  
Owner of Accounting Breeze