



Certified Public Accountants  
& Business Development Advisors

# ***Accounting for Start-Ups***

***Presented by Brendan E. Conley***

*Making your business more valuable*

# *Accounting System*

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- Bank account – In Company name
- Software
  - QuickBooks
  - QuickBooks Online
  - Peachtree
- Excel
- Other

# *Accounting System – Con't*

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- Documentation requirements – Deductions and income
- Payroll
- 1099 and W-2 Reporting

# *Initial Filings*

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- PA 100
  - Complete online.
  - Most answers will be no / does not apply
  - Will set you up for sales tax filing is applicable
- Payroll
  - Get set up with payroll company
- Entity selection
  - S Corp

# *Employee Or Subcontractor*

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- Employee = W-2
  - Company pays Company portion of Social Security tax and Medicare tax
  - Workers Comp. Insurance
  - Unemployment
- Subcontractor = 1099
  - Company has no tax obligation

# Due Dates

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- Partnership Tax Returns – Form 1065
  - March 15 of the following year
- Corporate Tax Returns – Form 1120
  - April 15 of the following year
- S-Corporation Tax returns – Form 1120S
  - March 15 of the following year
- There is a 6 month extension that can be requested

# Federal R&D Credit

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- Qualifying research examples: Basic R&D, product development, software development, manufacturing process improvements
- Qualifying expenditures: Employee wages, subcontractors, direct supplies
- Must document how the R&D qualifies – 4-part test
- Must document employee time: R&D vs. other activities
- Must have taxable income to utilize. Unused credits carry forward.
- LLC, S corp credits pass through to owners

# PA R&D Credit

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- Qualifying expenditures based on federal
- Credit for increasing expenditures over prior years
- Credit can be utilized against entity's PA tax liability
- Credit can be passed through to owners of LLC or S corp for use against their PA individual liability
- Credit can be sold for cash
  - Cash infusion for start-ups
  - Brokers match sellers with buyers
  - Typically receive about 86 cents per dollar of credit



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- Thank you!

*Brendan E. Conley*

*E.G. Conley, PC*

*bconley@egconley.com*

