

## QUESTIONS AND ANSWERS

### Understanding Federal Taxes for Small Businesses, March 4, 2026

#### Q. Should we include our EIN assignment doc when filing our taxes?

A. Include your Employer Identification Number (EIN), also known as a federal tax identification number, which is used to identify tax reports to the IRS. There is no need to attach the EIN confirmation letter.

#### Q. What if you get your EIN but then change your last name due to marriage, etc.?

A. Business owners and other authorized individuals can submit a name change for their business. The specific action required may vary depending on the type of business. If an EIN was recently assigned and filing liability has yet to be determined, send Business Name Change requests to the IRS address where you file your return.

In some situations, a name change may require a new Employer Identification Number (EIN) or a final return. See Publication 1635, Understanding Your EIN, to make this determination.

#### Q. What about car repairs?

A. Publication 334 Tax Guide for Small Business is a good resource for this. There are two methods for deducting car and truck expenses. Also see, Publication 463, Travel, Gift, and Car Expenses.

**Standard Mileage Rate Method:** You may be able to use the standard mileage rate to figure the deductible costs of operating your car, van, pickup or panel truck for business purposes. The business standard mileage rate for 2025 is 70 cents a mile. **If you use this method, you cannot deduct car repairs separately**, as the rate already includes maintenance and repair costs

**Actual Expenses Method:** If you do not choose to use the standard mileage rate, you may be able to deduct your actual car or truck expenses.

You track all costs (gas, oil, tires, repairs, insurance, depreciation) and multiply the total by your business-use percentage. This often yields a higher deduction if you have major, unexpected repairs.

**If you qualify to use both methods, figure your deduction both ways to see which gives you a larger deduction.**

**Q. Please explain the definition of what the word depreciation means.**

A. [Topic no. 704, Depreciation | Internal Revenue Service](#) (link to [IRS.gov](#))

**Q. Are office and supplies part of legal and professional services or supplies expenses?**

A. Legal and Professional Services are different from Supplies and Office Expenses. Here is a link to the Small Business and Self-Employed Tax Center on [IRS.gov](#). It has useful information for small business owners:

[Small Businesses Self-Employed | Internal Revenue Service](#) (link to [IRS.gov](#))

**Q. I am seeing a concerning trend with the Deaf community where Deaf individuals who create crafts or sells small volume of screen-printed t-shirts are starting to go around saying one needs to get a LLC to make the business "legitimate." These crafts and T-shirts are considered low-risk and are more suited for hobby business. Do you recommend sole proprietorship or DBA for this kind of business?**

A. [Help to decide between a hobby or business | Internal Revenue Service](#) (link to [IRS.gov](#))

**Q. Where or which section should put down where I paid for fundraising events, or sponsor an event, lunch/dinner meetings, travel or hotel lodging?**

A. Expenses will be input on Parts (II) and (V) of the Form Schedule C (1040).

**Q. What about using the space "former dining room" now convert into the home office where I work every day. Considering this, where does it fit on the form?**

A. Expenses for business use of your home will be input on "Line 30." Do not report these expenses elsewhere. Attach Form 8829 unless you are using the simplified method. [See instructions for Schedule C](#) (link to [IRS.gov](#)).

**Q. Can my business address change after signing up for the LLC EIN number?**

A. Form 8822-B is for businesses and other entities with an Employer Identification Number application on file. Use Form 8822-B to notify the Internal Revenue Service if you changed:

- Business mailing address
- Business location
- Identity of your responsible party

**Note:** Changes in responsible parties must be reported to the IRS within 60 days.

**Q: Which is better, LLC or S-Corp? I understand they are different depending on the circumstance, but this is for a disabled woman veteran, sole proprietor who plans to grow the business. I will want to have managers and a board of directors in the future.**

A. We suggest hiring a tax professional to assist with determining which business structure would be best, depending on the current business model.

Here is a link to the Small Business and Self-Employed Tax Center on IRS.gov. It has useful information for small business owners, including business structures.

[Small Businesses Self-Employed | Internal Revenue Service](#) (link to [IRS.gov](#))

**Q. What about Pro Bono? Which section should I insert for Pro Bono service?**

A. We suggest you hire a tax professional to determine if you qualify.

**Q. If the LLC is filing as Sole prop but has a loss for the first year of business, do I have to pay payroll taxes? Would payroll taxes only affect businesses paying themselves or others?**

A. [Payroll | Internal Revenue Service](#) (link to [IRS.gov](#))

**Q. Can cell phone bills and Wi-Fi be deducted if they are mixed personal and biz use? Is there a certain deduction schedule for these items?**

A. We suggest hiring a tax professional to determine if cell phone bills and Wi-Fi can be deducted in this case.

**Q. I use my husband's truck whenever I need to pull a trailer. Can I write this off as a rental of his truck on delivery days?**

A. We suggest hiring a tax professional to determine if this is eligible for a business expense.

**Q. What about being Deaf, is there any deductible?**

A. IRS Publication 3966, Living and Working with Disabilities is a good resource and has a wide array of tax benefits available to persons with disabilities, ranging from standard deductions and exemptions to business and itemized deductions to credits.

The IRS Tax Calendar on [irs.gov](#) is also a good tool to use to stay on top of key deadlines and dates that you should be aware of as a small business owner. Use this calendar to help you avoid missing important deadlines, view important due dates and actions for key filing deadlines each month.