

# Tips to Prepare Your Engineering Firm for the 2023 Tax Season

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6 min read



We start businesses in order to make money and provide a needed service to people while doing something we love.

## Key Takeaways

- **Stay on Top of Routine Bookkeeping Maintenance:** If you find it difficult to remember or just simply struggle to find the time for attending to your back-office responsibilities, then be sure to...
- **Use Your Financial Reports All Year:** To run your business smartly, you should be making leadership decisions based on your business's financial data...
- **Tax Season 2023:** If financial management and tax preparation are keeping you from focusing on doing what you do best (engineering), then we encourage you to consider the simplest and most cost-effective solution there is, outsourced accounting.

Sometimes, however, running a business can make us feel a bit like we must have gone into business in order to pay taxes- especially at the start of a new year.

If you're an engineer and feel like you spend more time maintaining your business's finances to stay tax-ready than you spend on actual engineering, then it's time for a change. Consider the following tips to improve your back office and maximize the time you spend on your core competencies, while also ensuring your engineering firm is well-prepared for the 2023 tax season.

## 8 Tax Season Best Practices for Your Engineering Firm

### 1. Stay on Top of Routine Bookkeeping Maintenance

One of the reasons why tax season can be so stressful for business owners is that their day-to-day bookkeeping responsibilities have fallen by the wayside and gotten way behind. If you find it difficult to remember or just simply struggle to find the time for attending to your back-office responsibilities, then be sure to schedule enough time on your calendar on a regular basis (i.e. weekly or monthly).

During this routine back-office time:

- You should be organizing your receipts and categorizing your expenses.
- You should also be checking on your accounts receivable to make sure your clients are paid up in addition to following up with clients who have outstanding invoices.
- You should also check in on your accounts payable, making sure you've paid all of your vendor bills and don't have any outstanding payments.
- Reconcile your accounts monthly, as soon as your bank statements are available. The longer you leave balance discrepancies, the more difficult they will be to resolve.

## 2. Use the Right Accounting Software and Tools for Your Business

You can save a lot of time and avoid a lot of heartache by automating your bookkeeping and accounting processes with tools and technology in your back office. There are countless tools available that can automate tedious jobs like expense tracking and categorization, expense approval and reimbursement, employee time tracking, invoicing, collections, and more.

Read More: [Signs You've Outgrown Your Bookkeeper & How It's Seriously Holding Back Your Business](#)

We recommend first selecting an accounting software system to use in your business and then finding the tools and applications that integrate with it for seamlessly automating and optimizing your routine bookkeeping work.

## 3. Keep Track of Independent Contractors

You don't want to have to scramble at the last minute to collect a W-9 from an independent contractor who did more than \$600 worth of work for you in the past financial year. Instead, be sure you collect these up-front at the time you remit payment or when they provide their services. Keep them all together in a physical (and a bonus digital) file so that they're easy to find when it's time to generate 1099s.

## 4. Maintain Current Balances for Assets and Liabilities

Throughout the year, you should be keeping up with the progress you make toward paying down liabilities in addition to tracking the assets you gather. Having a current tab will make it much easier to report these at the end of your company's financial year.

## 5. Use Your Financial Reports All Year

To run your business smartly, you should be making leadership decisions based on your business's financial data. This means you should be generating financial [reports](#) (balance sheets, [profit and loss](#) statements, and statements of cash flow) all throughout the year. Doing so not only helps you better run your business but also simplifies the process of preparing these reports at tax time.

Read More: [10 Best Practices to Strengthen Your Business's Finances This Year](#)

## 6. Document Your Process

When you only file taxes one time per year, it's easy to forget what you did, how you did it, and why you did it the way you did. Be sure to document your entire process. This ensures you'll be able to answer questions coming from an examiner in the event of an audit, and it will also help you feel more grounded in a standard process during tax time the following year.

## Case Study: [Outsourcing the Back Office Finance Function is key component of success for JTAM Engineering](#)

**"We were profitable the first month and I knew it because my accounts and books were clean and I could understand where the money was coming from and going to."**

Joe Aikens, CEO of JTAM Engineering

### 7. Have a Robust Back Office

Without a robust, smart, and efficiently run back office, tax season will be a nightmare every year. In order to be tax-ready, you need a back office that operates efficiently. You need a back office that is able to generate timely, accurate, and reliable financials. If your back office is not in order, then your tax filing won't be either.

**Read More:** [Fuel Business Growth With Outsourced Accounting in 2023](#)

### 8. Consider Outsourcing Your SMB's Bookkeeping and Accounting

If your engineering firm is struggling to maintain its back office and bookkeeping and accounting functions, then it might be a good time to consider outsourcing your back office to a reputable [outsourced](#) accounting services provider.

By outsourcing your back office, you can work with bookkeeping and accounting professionals who have loads of experience working with engineering firms like yours. They can help you establish sound, secure, and easy-to-use systems for collecting data, maintaining your records, and filing your taxes. Additionally, an outsourced provider can help you leverage the data in your back office to generate invaluable financial insights that can help you become a better business leader and strategist.

## Tax Season 2023 – Will Your Engineering Firm Be Prepared?

If financial management and tax preparation are keeping you from focusing on doing what you do best (engineering), then we encourage you to consider the simplest and most cost-effective solution there is, outsourced accounting. By outsourcing your back office, you can rest assured that when your firm's 2023 tax season rolls around, all you'll need to do is review your tax forms and sign on the dotted line.

In addition to being almost effortlessly tax-ready at all times, outsourcing your back office can help you and your business in countless other ways. With a reputable provider, you can save time and

money while making data-driven decisions to optimize your business operations to maximize profits and growth.

What better way to enter the 2023 tax season than with a financially strong, tax-ready engineering firm?