

Anil Melwani:

For this video, we're going to talk about how e-commerce store and website owners can reduce their personal income tax. When it comes to reducing your taxes, of course, there's many different things you can do, and a lot of gray areas out there when you can come to reducing your taxes. You want to make sure you're doing it, of course, legally, working with the right accountant, planning ahead. Do you want to focus more on retirement planning? Do you want to focus more on college planning? Do you want to buy certain assets by year end so you can reduce your taxable income? I mean, that's really what it comes down to, right? As long as you buy it by December 31st, you can deduct the whole thing in that year, even though you're not using it in that year, something called section 179 depreciation.

Anil Melwani:

Yeah, it's really just planning ahead, looking at your books and records on a monthly and quarterly basis, making certain decisions. When it comes to contributing to retirement plans, do I add this on for my employees now? Do I wait until next year, next quarter? Do I buy these things now, again, before December 31st? Even though we don't necessarily need it yet, we're going to buy it anyway. In the next few months, let's buy it now. We can deduct it in this tax year and defer income taxes to the year after.

Anil Melwani:

So there's, again, all these different things where it's really just comes out to being organized, keeping your books up to date, having regular monthly or quarterly meetings with your accountant so you can plan ahead. If you don't do that, if you don't plan ahead, you're not going to save money. In fact, if you don't plan ahead, not only are you not going to save money, you're probably going to waste some money on extra taxes, extra penalties, extra interest. So that's really what it comes out to plan. Being organized, keeping your books up to date, planning ahead, and that's how you're going to save the most money, especially when dealing with e-commerce and especially operating in New York City, when you have federal, state, and local regulations to deal with.