

Anil Melwani:

We're talking about if your e-commerce store doesn't show a profit, it shows a loss after all your expenses, do you still have to file taxes? The answer is yes. Once you set up a business, sole proprietorship, LLC, C-Corp, S-Corp, and you're operating that business in any state or any county, you need to file a tax return. Just because you're losing money does not mean you don't have to file taxes. The IRS and all these state and local government agencies, they want to know what you're doing, how much you're making, revenue-wise, how much you're spending. Even if you're at a loss, you may owe some basic filing fees. For example, LLC filing fee in New York State is 25 bucks. LLC filing in California is \$800 a year. So at a minimum, you got to pay those even if you're losing money because you're operating. And yes, they still want to know what you're doing. And it also comes into play, well, are you just a hobby? Are you a real for-profit business? So the short answer is yes, you need to file whether you have a profit or loss.