

TUYSUZOGLU CPA

Free Guide

Startup Accounting Basics

From formation to first filing: structure, books, and tax calendar.

ENGLISH

Getting the Setup Right From Day One

For a new US company — whether based in California or run remotely from Turkey — the accounting habits of the first months shape future tax burden and investor confidence. This guide outlines the essential steps from formation to first filing.

Step 1: Choose the Structure

Structure	Best For	Tax Treatment
Single-Member LLC	Solo founder, freelance/consultant	Pass-through; owner reports
Multi-Member LLC	Partnership	Form 1065 + K-1
S-Corp (election)	Profitable owner taking salary	Payroll + pass-through
C-Corp	Startups raising capital	Corporate tax (Form 1120)

Most common starting point for remote founders in Turkey: a Wyoming/Delaware LLC. If targeting investment, a Delaware C-Corp is preferred.

Step 2: Financial Infrastructure

- Get an **EIN** (no SSN required for foreign owners).
- Open a **business bank account** (neobanks like Mercury or Relay suit foreign founders).
- Set up **accounting software** (QuickBooks, Xero, Wave).
- Separate personal and business finances **from day one**.

Step 3: Bookkeeping Basics

- Categorize every transaction (income, expense, capital).
- Reconcile bank statements monthly.
- Store all receipts digitally (sufficient audit evidence).
- Know cash vs accrual accounting; most small businesses start on a cash basis.

Step 4: Build the Tax Calendar

- Note the annual state report / franchise tax date.
- If you are a foreign-owned single-member LLC, remember the **Form 5472 + 1120** requirement (missing it carries a \$25,000 penalty).
- Add quarterly estimated-tax dates to your calendar.

Step 5: When to Bring In a CPA

- When revenue becomes steady
- When you hire an employee / contractor
- When considering an S-Corp election
- When entering an investment / due-diligence process

Common First-Year Mistakes

- Getting an EIN but no bank account, routing payments through a personal account.
- Not knowing about Form 5472 (the costliest mistake for foreign owners).
- Deferring bookkeeping to year-end.
- The "no profit yet, no filing needed" myth — a return may be required even at zero revenue.

ipucu / Tip: Keep the first year simple but complete. Investors and banks always favor clean 12-month books over a messy spreadsheet.

This guide is for general information only and is not a substitute for personal tax/financial advice.