BUSINESS TAXES: WHAT YOU OWE AND WHEN

The main taxes a small US business deals with, how they depend on your structure, and a simple yearly calendar.

TYPE: GUIDE REVIEWED: NOVEMBER 2026 TIME: 9 MINUTES LEVEL: BEGINNER

AT A GLANCE

- Which taxes you owe depends on your **structure, location, what you sell, and whether you have employees**.
- The big ones: **income tax, self-employment tax, sales tax, payroll tax** and sometimes **property tax**.
- Owners often pay income tax **during the year** through quarterly estimated payments, not just in April.

WATCH OUT

General US federal information only. State and local taxes vary. Dates shown are typical for businesses using a calendar year; if a date falls on a weekend or holiday, it usually moves to the next business day. Confirm everything with a tax professional.

Why it matters

Taxes are one of the biggest costs of running a business, and missed deadlines bring penalties and interest. Knowing what's coming lets you set money aside and avoid surprises.

Income tax by structure

Structure	Who pays income tax on profits	Federal return
Sole proprietor or single-member LLC	The owner, on their personal return	Schedule C with Form 1040
Multi-member LLC (default)	Each owner, on their share	Partnership return (Form 1065), owners get a K-1
S corporation	Owners, on their share; owners who work there also get a salary	Form 1120-S, owners get a K-1
C corporation	The company pays corporate tax; owners pay tax on dividends and salary	Form 1120

Other common taxes

- **Self-employment tax:** Social Security and Medicare for people who work for themselves, generally 15.3% on most net earnings.
- **Sales tax:** collected from customers on taxable sales and paid to the state. See **M-13 Sales Tax, Payroll Tax and Staying Current**.
- **Payroll taxes:** withheld from employees' pay and paid by the employer. See **M-13 Sales Tax, Payroll Tax and Staying Current**.
- **Property tax:** on real estate and, in some places, business equipment.
- **State and local taxes:** income, franchise or gross receipts taxes, depending on where you operate.

A typical yearly calendar (calendar-year businesses)

When	What's commonly due
January 15	4th-quarter estimated tax payment (for the prior year)
January 31	W-2s to employees; 1099-NEC forms to contractors you paid $600 or more (this threshold is changing for payments made after 2025, so confirm the current amount)
March 15	Partnership and S corporation returns
April 15	Individual and C corporation returns; 1st-quarter estimated tax
June 15	2nd-quarter estimated tax
September 15	3rd-quarter estimated tax
Monthly or quarterly	Sales tax and payroll tax deposits and filings, depending on your state and size

> TIP
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> Set aside money for taxes from every payment you receive, in a separate account. Many owners set aside 20% to 30%, but ask a tax professional what fits you.

Deductions: lowering what you owe

Ordinary and necessary business costs are generally deductible, such as supplies, rent, software, marketing, business mileage and a portion of a home office in some cases. Keep receipts and records. See **M-01 Bookkeeping Basics: Tracking Money In and Out**.

> EXAMPLE
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> **Aisha**, a sole proprietor tutor, earned $42,000 in profit last year and paid nothing during the year. In April she owed income tax and self-employment tax, plus a penalty for not paying estimates. This year she pays quarterly estimates and moves 25% of every payment into a tax account.

Common mistakes

- **Ignoring estimated taxes.**
- **Not keeping receipts** for deductions.
- **Missing 1099s** for contractors.
- **Mixing personal and business expenses.**

- **Not filing because you can't pay.** File on time anyway, and ask about payment plans.

Your checklist

- ☐ Confirm which taxes apply to your structure and location
- ☐ Put every federal, state and local due date on your calendar
- ☐ Open a separate tax savings account
- ☐ Ask a tax professional about quarterly estimates
- ☐ Collect W-9 forms from contractors before you pay them

Key words, explained

Word	What it means
Estimated taxes	Tax payments made during the year.
Schedule C	The form sole proprietors use to report business profit.
K-1	A form showing each owner's share of profit from a partnership or S corporation.
1099-NEC	A form reporting payments to independent contractors.
Deduction	A business cost that lowers taxable profit.

Where to go next

- **M-13 Sales Tax, Payroll Tax and Staying Current**
- **M-12 Paying Yourself as a Founder**
- **O-13 Compliance Calendar**

IMPORTANT
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