

The Beauty Professional Tax Blueprint

W-2, 1099, LLCs, Cash Flow, and the Architecture of a Profitable Business.



A guide to moving from informal survival to documented opportunity.

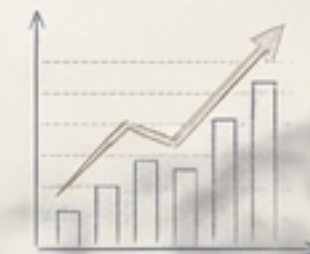
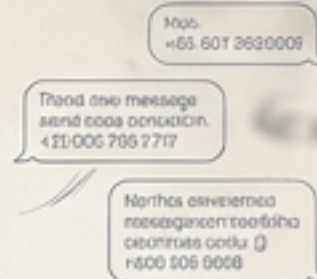
The Site Survey: The Danger of Invisibility

The Invisible Worker

Mindset: I work hard, so my business is real.

Reality: Cash tips are unrecorded, expenses rely on memory, personal and business money are mixed.

Result: Invisible to banks, landlords, and tax agencies. Vulnerable to audits and unable to secure loans.



The Legible Owner

Mindset: My work is real, so my records must be real.

Reality: Daily closeouts, separated bank accounts, saved receipts, and a written tax calendar.

Result: Bankable, insurable, and protected. Freedom is supported by structure.



A business can be demanding without swallowing your entire personal life.
System failure is not a moral failure—it just requires a new blueprint.

Pouring the Foundation: Classification Reality

The Classification Diagnostic Matrix

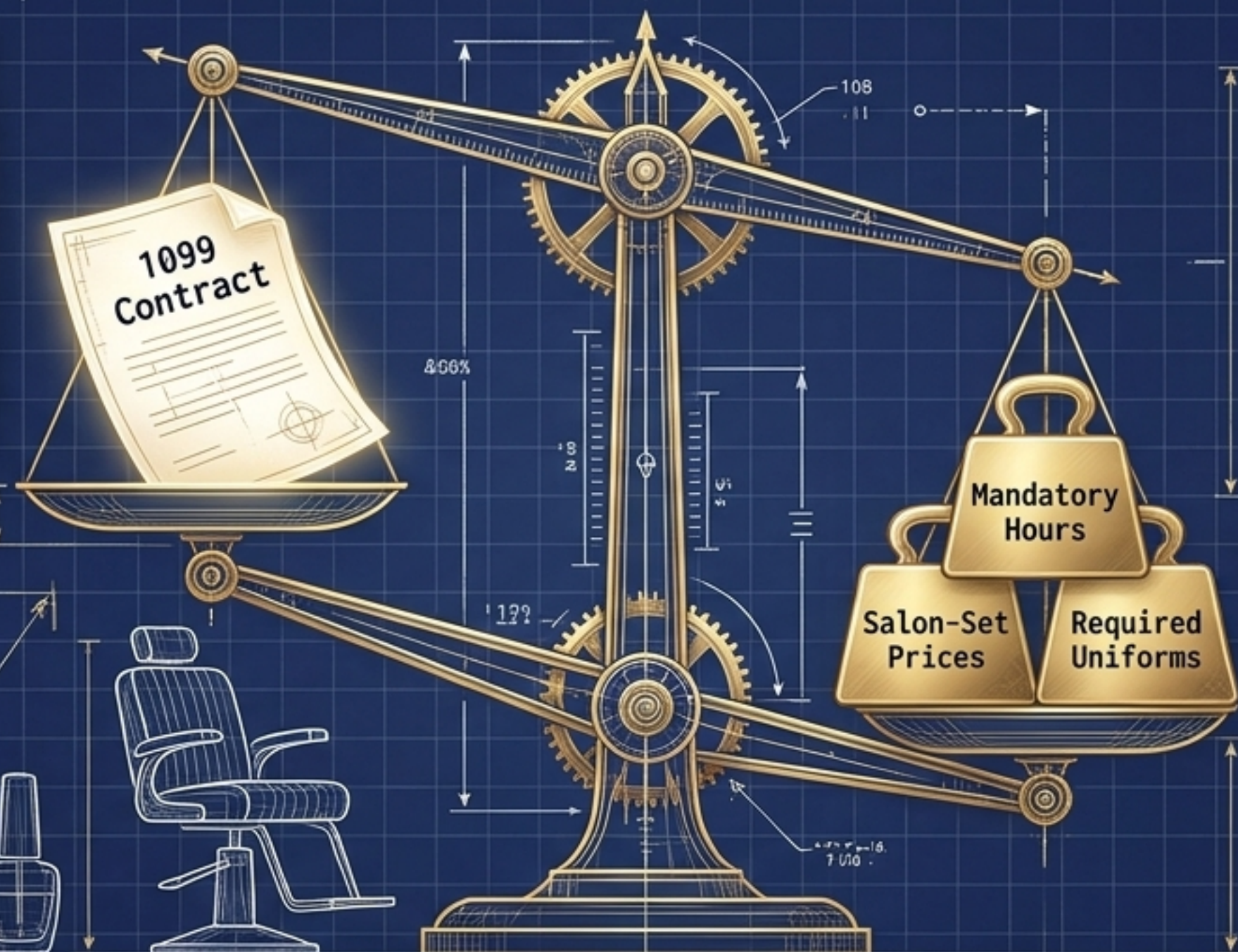
	W-2 Employee	1099 Contractor	Booth Renter
Who controls the schedule?	Employer sets hours	Professional sets hours	Professional sets hours within building limits
Who controls pricing?	Employer sets prices	Professional sets prices	Professional sets prices
Who provides supplies?	Employer provides tools/backbar	Professional provides	Professional buys own
Who pays self-employment tax?	Employer splits payroll tax	Professional pays full SE tax	Professional pays full SE tax

The label doesn't save the model. State law, federal tax law, labor rules, and actual daily conduct matter more than what you call yourself.

The Weight of True Control

The Myth:

If I sign a 1099, I am automatically an independent business owner with tax write-offs.



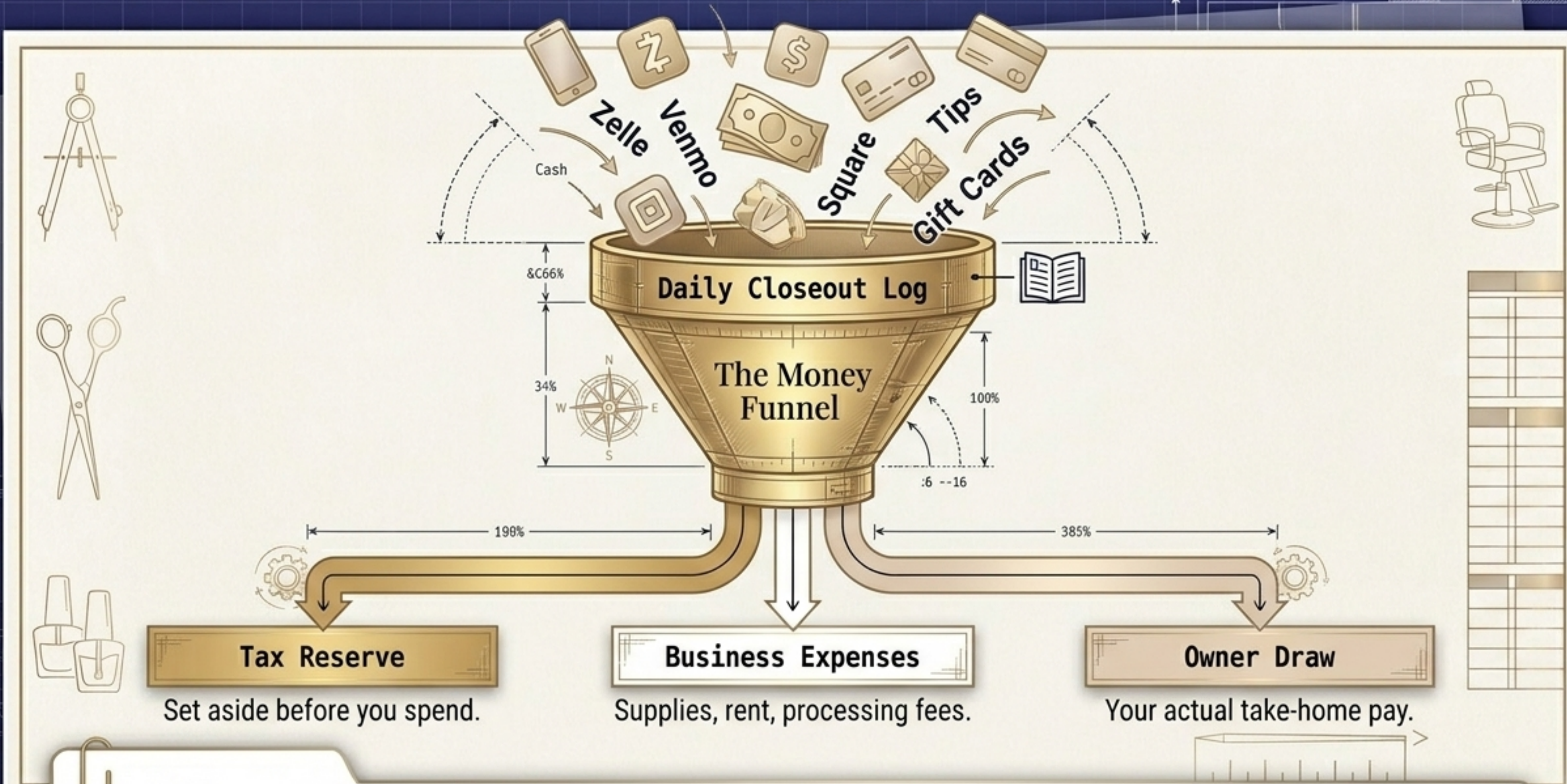
The Reality: A written contract cannot defeat the reality of control.

The Test:

If a salon owner sets your schedule, provides your tools, controls your client list, and tells you exactly how to perform services, you may be an employee—regardless of the paperwork.

● Contracts are not decorations. They must describe reality.

The Financial Plumbing: Income Logging



Income is income. Cash is not invisible because it is cash. A tip is not tax-free because it is a tip. An app transfer is not informal because it came from a phone. If it comes from beauty work, **log it.**

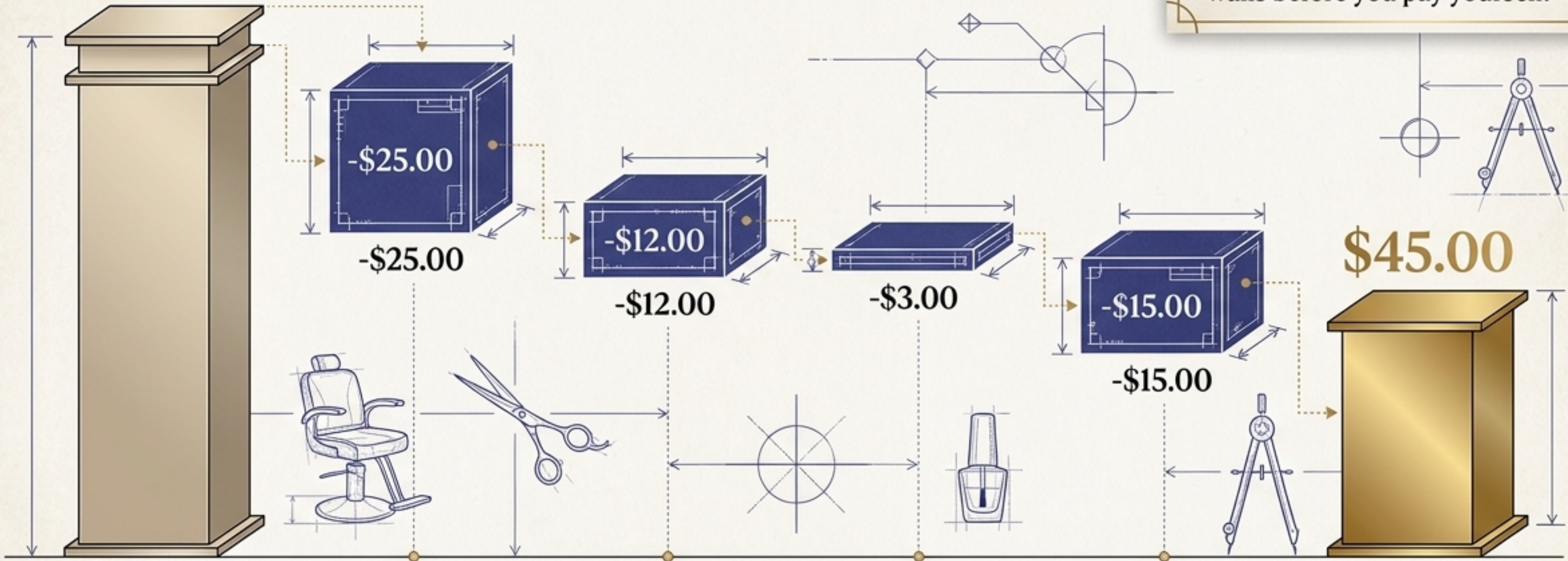
Gross Income is NOT Take-Home Money

A busy week does not automatically mean a profitable business. Rent is an expense, not a plan. You must know how many services it takes just to cover the walls before you pay yourself.



Anatomy of a \$100 Service

\$100.00



Client Payment

Booth Rent / Space Allocation

Service Supplies: Foils, color, gloves

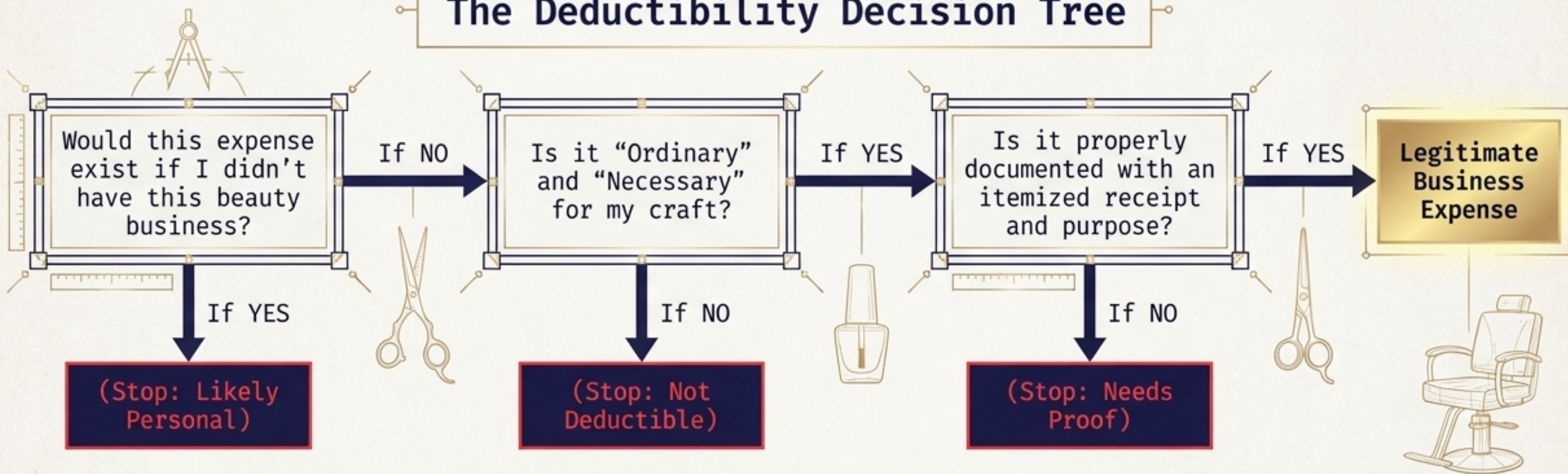
Card Processing / App Fees

Estimated Tax Reserve

True Owner Profit

Framing the Walls: The Expense Map

The Deductibility Decision Tree



“Write it off” is a dangerous phrase. A deduction does not make a purchase free; it only reduces taxable income. Buy for the business, not for the deduction.

The Receipt is Your Defense

Pharmacy/Supermarket
(363) 535-6733
200a at 156-3550
Townington, NC 9357

12/24/2023 03:30 PM Embors:64
16/26/2018 \$29.90

Acetone (1 Gal)	3.50
Acetone (1 Gal)	1.90
Nitrile Gloves	10.50
Disposable Towels	17.50
Acetone (1 Gal)	5.00
Trazine Gm Mark	1.20
Special Sock	1.70
Tortion (1 Gal)	3.60
Family Groceries	12.90
Children's Snacks	8.90
Personal Medication	1.50
Acetone (1 Gal)	6.30
Temerson's Parks	1.20
Bimai Close	1.40
Tration (1 Gal)	3.50
Subtotal	\$29.90
Subtotal	\$9.75
Your Avg	\$1.10
Total	\$37.06



Scan & Save
(Business)



Exclude/Ignore
(Personal)

Don't ask your future self to be a detective.

The best system prevents detective work.

If the purchase is for the business, use the business card.

If it's mixed, physically separate the items at the register.

The Expense Sorting System

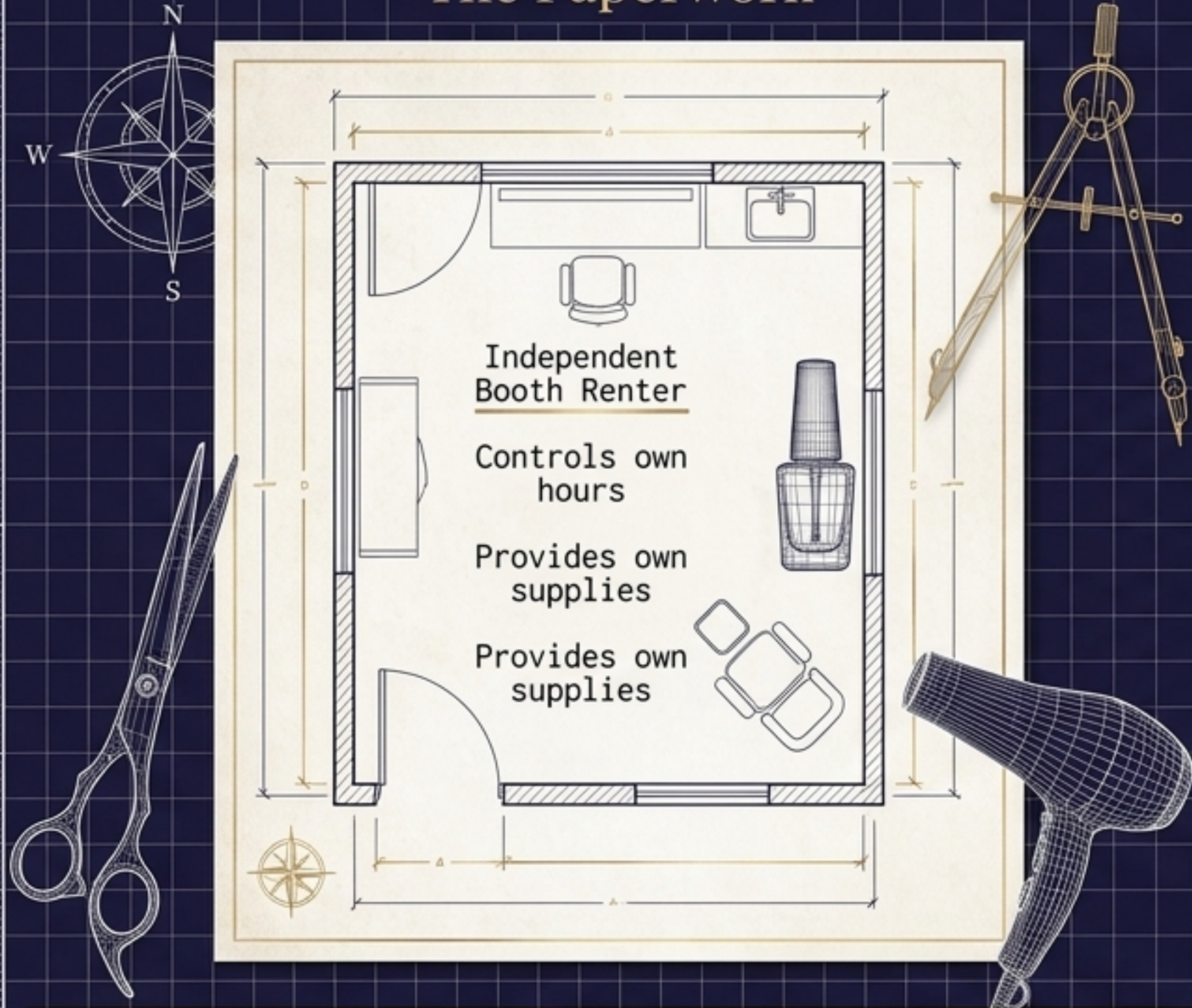
The Three-Folder Matrix



When in doubt, don't invent confidence. Put it in the 'Review' folder and ask your tax professional.

Booth Rent & Salon Suites: The Reality Check

The Paperwork



The Shop Floor

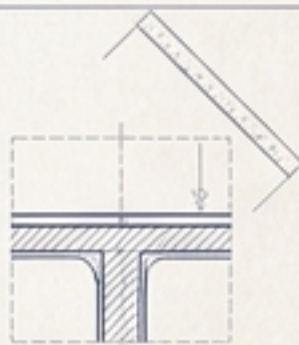


A salon suite logo can hide weak records. A beautiful room can hide tax anxiety. If you rent space, you are a business owner—which means you must build the discipline, tracking, and tax savings that an employer used to handle for you.

The Roof & Permits: De-Hyping the LLC

Creates new tax deductions?

NO. (Expenses must be legitimate regardless of structure).



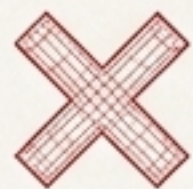
Replaces the need for insurance?

NO. (Entities are containers, not magic shields against negligence claims).



Eliminates self-employment tax automatically?

NO. (Depends entirely on tax elections and professional review).



Requires strict bank account discipline?

YES. (Mixing funds pierces the corporate veil).



“An LLC makes your structure official.”

If your habits are chaotic, an LLC just makes your chaos official.

Build the bookkeeping habits *before* you file the paperwork.”



The Beauty Tax Calendar: Habit Loops

The Maintenance Schedule

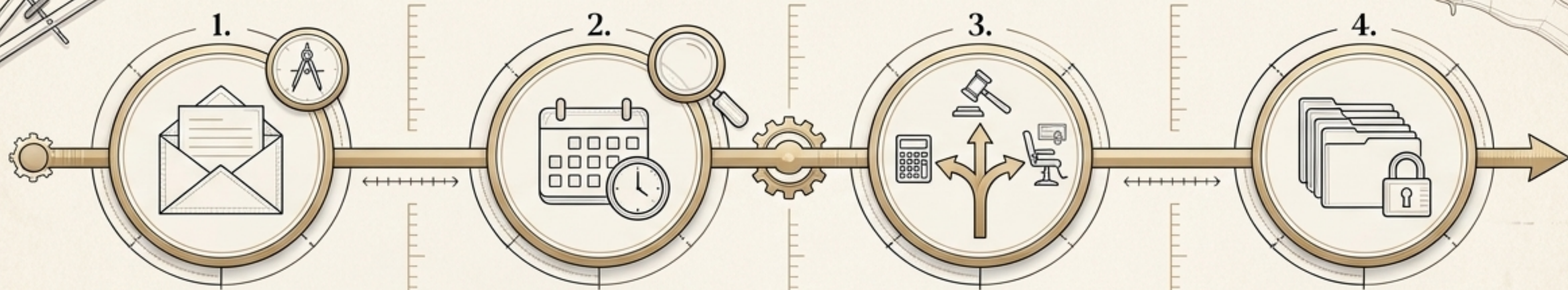


Most tax problems don't begin in April. They begin in January when income starts but the worker doesn't separate business money.

Consistency beats panic.

When the IRS or State Board Asks Questions

Agency Notice Protocol



1. Receive Letter

Do NOT panic.
Do NOT guess.

2. Preserve

Save the envelope,
note the deadline, log
the account number.

3. Route

Determine if it goes to
a CPA (Taxes),
Attorney (Labor),
or Board Consultant
(Licensing).

4. Respond

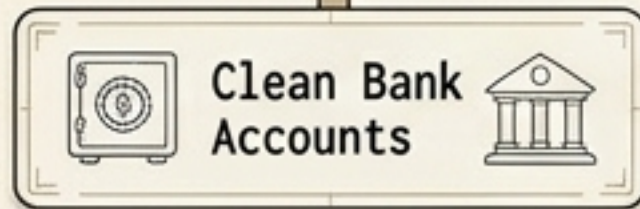
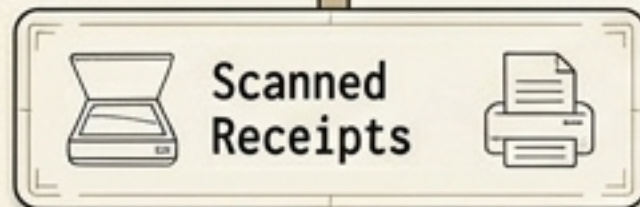
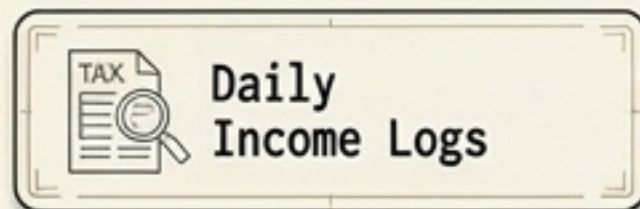
Provide clean, existing
records. Do not alter
or create documents
after the fact.

Fear is human. Panic is not a system.
A calm file built every month is infinitely cheaper
than a panic file built in one night.

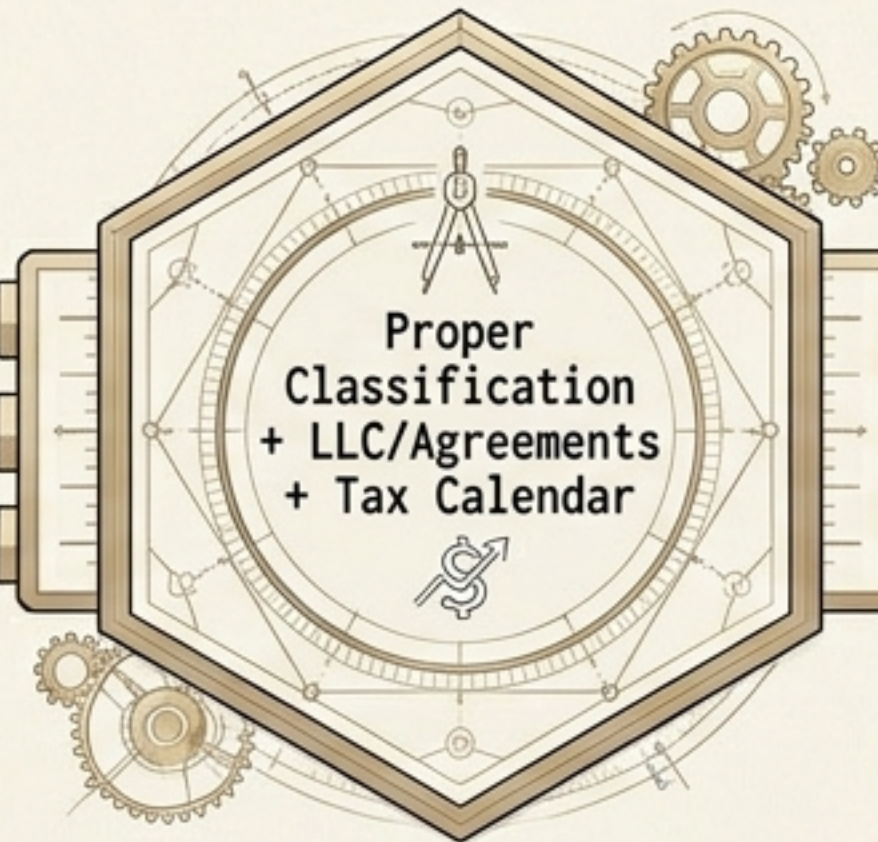
Synthesis: Freedom Requires Structure

The Legible Business Engine

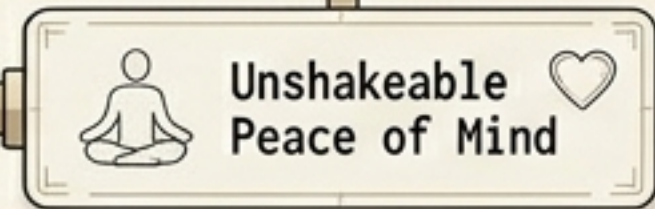
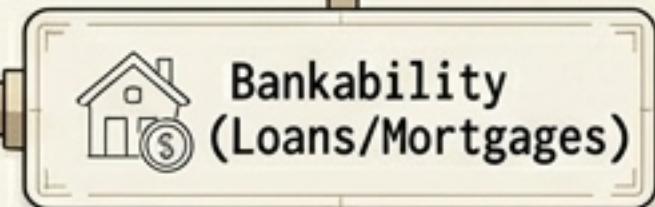
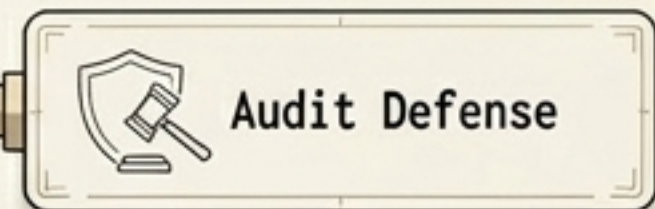
Inputs (The Habits)



The Engine (The Structure)



Outputs (The Reward)



An LLC or a 1099 form doesn't make you a business owner. The daily documented habits do. True professional freedom is built on structural legibility.

The Final Blueprint



“Beauty work is human work. Human work deserves dignity. Dignity becomes power when it is written, proven, protected, and lived with truth.”

Do not build your future on rumor in the break room. Build it on records.
Talent opens the door, but documentation keeps it open.