



# THE HIDDEN COSTS OF BEING A SOLE PROPRIETOR

## Any CPA Firm Can Record History — Our Firm Will Help You Build a Future

Too many small business owners operate as sole proprietors for far too long. On the surface, it seems simple: one tax form, low setup cost, and minimal compliance. But underneath that simplicity lie hidden costs—both financial and strategic—that can quietly erode your potential.

At **Business Advisory and Accounting Partners**, we're not just here to file taxes. We're here to guide your business with proactive, future-focused planning. And if you're still a sole proprietor, there's a good chance you're missing out on some major opportunities.

### The Real Costs Behind Staying a Sole Proprietor

As a sole proprietor, you might think you're saving time and money, but the reality is:

#### 1. You Pay More in Taxes Than You Should

Sole proprietors are subject to self-employment tax on 100% of business income. As your business grows, this can add tens of thousands in extra taxes over time. Strategic entity structuring could cut your tax liability dramatically.

#### 2. Limited Access to Growth Tools

Business credit, funding opportunities, and strategic partnerships often hinge on operating as an actual business entity, not a Schedule C filer. Staying a sole proprietor can make your business look like a hobby to lenders and investors.


#### 3. You're Not Building an Investable Asset


When your business is structured around you, it often can't operate without you. That makes it hard to sell or scale. Entity planning and advisory support turn your hustle into a transferable, scalable asset.

## Accountant vs. Advisor: What You're Really Paying For

A traditional accountant looks backward—verifying your tax returns and reporting what already happened. A **Trusted Advisor**, like us, looks forward:

- **We anticipate issues** before they arise.
- **We help you build a plan**, not just report the past.
- **We turn your business into an investment**, not just an income stream.

 Accountants provide pain. Trusted Advisors remove it.

 Accountants are an expense. Trusted Advisors are an investment.

## Investing in Your Business Growth Starts with One Call

Staying a sole proprietor isn't just a tax choice—it's a business decision that impacts your entire future. It may be costing you thousands in taxes, limiting your growth, and capping your wealth-building potential.

Want this tailored to your business?

**Book a call now.**

### FAQ: Hidden Costs of Being a Sole Proprietor

#### Q1: Is converting from a sole proprietorship to an LLC or S Corp worth it?

**A:** Yes—entity conversion can lead to major tax savings, increased liability protection, and a stronger business valuation.

#### Q2: What's the main difference between a CPA and a business advisor?

**A:** A CPA typically records what happened. A Business Advisor plans what's going to happen. We focus on building your future, not just documenting your past.

#### Q3: Do I have to make a lot of money for this to be relevant?

**A:** Not necessarily. Even businesses making \$50K–\$100K annually can see significant benefits from restructuring and proactive planning.

#### Q4: What's the first step to changing my business structure?

**A:** Start with a call. We'll evaluate your current setup, identify hidden costs, and map out a personalized plan to grow your business.