

An interview with **Brigitte A. Thompson**, author of eight financial books including the just released ***Bookkeeping Basics for Freelance Writers*** published by Crystal Press.

Tell us what Bookkeeping Basics for Freelance Writers is about.

Writers have many important questions to ask about income and expenses, but no single source for answers. I created this book, *Bookkeeping Basics for Freelance Writers*, to be *that* source. It is an easy-to-understand guide to organizing a writer's financial life.

This book addresses issues writers face daily such as how to deduct travel expenses, determine taxable writing income, and claim home office deductions. Navigating through the recordkeeping required for a small business owner can be difficult. This book is written exclusively for those of us who earn money by writing.

Readers will also find that each part of this book works together to assist in forming an overall business plan. The chapters take the writer through a comprehensive process that works as a building block towards a successful writing business.

Have you found that freelance writers require a different set of bookkeeping rules?

Many bookkeeping rules are universal such as the requirement to record income, but there are some areas of the tax law that are of more interest to freelance writers. This includes dealing with royalty payments, bartering, personal property and agent fees. My book addresses the universal tax rules as well as the infrequently discussed rules that apply specifically to freelance writers.

Learning how to document expenses and how to track income will give writers the best chance at overall business success.

What are some tax deductions that freelance writers might not be aware of?

There are many tax deductions available to writers. Some expenses are common, such as the cost of purchasing a case of paper or paying for a computer software upgrade. Other costs incurred in the operation of your writing business may not jump out at you as expenses when they could be. For example, consider the following accounts.

Mileage: Trips made in your vehicle to pick up office supplies can be counted as a business deduction if you record the proper information to support it.

Meals: Treating your agent to a restaurant meal with the discussion focusing on your next book can also generate a tax deduction when properly documented.

Shipping: UPS charges and postage used to mail a query or review copy of your book can be a small expense, but it should still be tracked. Those small deductions add up and every penny

spent as a qualified business expense will reduce the amount of income tax you owe.

Bookkeeping Basics for Freelance Writers devotes an entire chapter to expenses including a comprehensive listing of expenses and detailed information regarding what documentation is required to support each one.

I'm sure you've observed other freelance writers making accounting missteps that cost them time and money. What are some of the most common issues and how can we avoid them?

The most common misstep I've seen with writers is not taking themselves seriously as business owners. This can lead to financial pitfalls. Many writers have been honing their craft for years so it's hard to identify an official starting date for their self-employment. Without this point to mark the beginning, it is easy to put off tracking income and expenses. This can be an unfortunate mistake.

The IRS will consider you to be in business when you are actively pursuing projects intended to generate income and expenses. This means they will expect you to file a tax return to report those transactions. Keeping track of your income and expenses from day one will enable you to pay the least amount of income taxes on the money you earn.

Many people find numbers, especially when related to bookkeeping and taxes, intimidating. Will this book make these things easier to understand"?

Yes, my book breaks down complicated number crunching into easy to follow steps. By reading the book, readers will understand *why* it's important to keep certain receipts and *how* those pieces of paper factor into the overall success of their writing business. Sometimes knowing the reasoning behind a task makes it easier to complete.

Writers can take advantage of some wonderful tax deductions, but only when they are aware of the possibility and know how to accurately document the expenses. My book explains it all in a reader friendly format.

What are some of the challenges readers face with regards to bookkeeping?

I found the most common challenge writers face revolves around what they can claim as income and what counts as a tax deduction. For example, if their first job is writing the school newsletter, is the money received really income? Do they need to do something with the Internal Revenue Service before they can be considered a business? How do they handle self-employment tax?

The second most common concern for the freelance writers is related to proper documentation. What receipts did they need to save? How should they be kept? What information needs to be recorded to prove the expense?

These are all great questions and they are addressed in the book.

Why is it important for writers to understand bookkeeping?

Writers are earning money and this money needs to be reported as income on their income tax return. If writers do not have any expenses to claim, their taxable income will be higher and they will owe more income tax.

Understanding what can be claimed as business expenses when you are a writer and how to properly document these expenses will help ensure the success of your business.

The most important thing you can do as a writer is to become organized. There are many books available on how to organize your writing, but this is the best book available about how to organize the *financial* side of your writing business.

Obviously, your book is a great place for writers to get information on bookkeeping. Are there any other resources you recommend?

Yes, I recommend writers visit the IRS web site (www.irs.gov) to research specific tax issues and the Small Business Administration (www.sbaonline.sba.gov) for general business information.

I also recommend joining professional associations for writers such as American Society of Journalists and Authors (www.asja.org), The Authors Guild (www.authorsguild.org) and National Writers Union (www.nwu.org). There are many groups to choose from so consider the benefits of membership before joining.

I was interviewed recently by Freelance Success (<http://www.FreelanceSuccess.com>) which offers an insightful newsletter for their members. There are also online groups for writers such as MomWriters (<http://www.MomWriters.com>) offering networking opportunities as well as camaraderie.

How can we purchase your book?

Bookkeeping Basics for Freelance Writers is available through Amazon.com and my publisher (www.CrystalPress.org). Any local bookstore can order my book by **ISBN-10:** 0963212389 or **ISBN-13:** 978-0963212382. List price is \$17.95.