

## June Walker, Author and Tax Advisor to the Self-Employed

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**0:31 Leanne:** Well, hello everyone! This is Leanne from Make Creativity Pay. And today, I'm really excited to talk to [June Walker](#), who's here to answer some really interesting questions that a lot of you probably have about a subject that we tend to like to avoid, at least some of us, which is taxes and accounting. So, welcome June! Thanks for being with us.

**0:56 June:** Thank you so much!

**Leanne:** Oh, sure, sure! So tell our listeners a little bit about your background, your mission, and what you define as an Indie.

**1:08 June:** Alright, let me start with Indie, if I may, so that people know whom I'm talk to. My term Indie is anyone who works for him or herself. Some people who work for themselves call themselves 1099ers, or sole proprietors, freelancers, subcontractors, free agents, self-employed, all those name mean the same thing: they're independent professionals.

**1:40** In IRS jargon, that's...independent professionals are classified as independent contractors. And I call them Indies. And currently, if IRS stats are correct, there's about 40 million self-employed people in the states. Which is a lot and it's growing.

**2:04** And my mission...I've worked with Indies for more than 25 years and I know how much help they need with the business side of their Indie ventures, or their Indie businesses and I know how to guide them so that they can make a tax system that isn't constructed or administered with them in mind -- it's one that...it's out there for the corporate world and the employees that inhabit that world.

**2:40** So, I help Indies take that tax system and make it work for them. That's my goal. And since I've been doing this for 30 years, my background is math, physics, science, art, accounting and when, way back when, when I worked for an industrial design company, I became aware that the techies, the skilled tech consultants that I dealt with, were at a loss for understanding tax matters.

**3:15** And then years later I was an artist's rep and all the artists I worked with, none of them understood taxes. And then I did a couple Indie businesses while my kids were little and over all that time I knew, I knew I did not want to ever work for anybody else; I wanted to have my own business.

**3:33** And I also saw that regarding taxes and bookkeeping and that business side of things, that there was not a lot of clear, simple, accurate advice for those of us who struck out on our own. Be it an

artist's rep, or artists or musicians, we just weren't properly served and so that was the birth of my accounting practice and I work only with self-employed people.

4:08 And so since I can only work with so many clients and I want to get my information out there, so I write books and magazines, I do seminars, workshops -- anything that will get this information out to other self-employed people.

4:23 **Leanne:** Oh, great! You have a new book coming out, too, I believe. Is it out already or...

4:28 **June:** It is out. It's called [The Confident Indie](#). And I can explain later where that title came from. And it's a simple guide on deductions, income and taxes for the creatively self-employed. It's out -- right now, it's only on Kindle on Amazon because things are slow. Everything's slower; it was supposed to be out months ago, but life interferes. So it's out on Kindle; it will be out in paper, one of my tech guy's told me, it should be within a week, so we'll see.

5:03 **Leanne:** OK! Good, good...

June: ...but right now it's on Kindle.

5:06 **Leanne:** OK. Alright, well let's start...we'll get into some of these questions first. And I kind of...when I put these together, I admit that I picked things that I knew were challenges for me when I started out and some of them, you know, remain challenges for years, but also as I got more experienced in business, I had my friends who were a little less experienced, they would ask me: what did you do about this situation or that situation. So that's kind of the direction I'm gonna take this discussion in because I'm hoping that this will be stuff that everyone's interested in.

5:40 So, let's start out with why it's so important to have your books and your systems in place and organized from the very beginning.

5:49 **June:** OK...that's...it's a simple answer and it's a straightforward answer and it's because, if you don't, if you mess it up, it can be extremely time consuming and very expensive to fix the mess.

6:05 One of the things I say when I'm giving a workshop and we talk about things that the books that say, "This is how...what you must do to get a client;" or "This is how you must dress in an interview;" or "This is the tech system you need to have set up in your office..."

6:23 All of those things, if you mess up, it's a drag and you gotta fix it and you learn from your mistake and you say, "Well I should have dressed more conservatively for that," or "I really should have had this ISP connection instead of the other..." Those can be fixed.

6:38 If you mess up on money and taxes, it's so expensive and so time consuming to straighten it out. Because you need to call in expensive pros to do it. So that's why it's important to do it right from the beginning.

**6:52 Leanne:** Yes, yes...Very true, very true...so is there any way, really, to make taxes and accounting an easy process and not something that we totally dread?

**7:05 June:** It's interesting that you say 'totally dread' because people do. Every single self-employed I've worked with in thirty years is unique. Their talents are unique. Their products are unique. Their services are unique.

**7:21** But there's a thing that sort of follows through with all of them that is not unique. They either say taxes are dreadful or terrifying or it makes them sick to their stomach...it's sort of...it fits all of them. Interestingly, the ones that are, tend to be least terrified by it are IT people and musicians who compose music.

**7:43 Leanne:** Oh, interesting!

**7:45 June:** Yes, yeah...and I think it's because there's a logic and a sequential understanding, you know, in them anyway...

**Leanne:** Yes...

**7:53 June:** But that's what they all say about taxes and record keeping, and if I said to you and to all the other Indies, "It's just your mindset, it's the way you think," that's not gonna help you.

**8:05** So when I was thinking about this talk today, I remembered an incident...a recent incident: I was talking with this young guy -- he's probably about 22 -- and I can't remember the whole sequence, but he had asked me about what I had done in my life, and I had said to him, "Well, way back when, I had math and physics education," and I said, "That was back when girls didn't even know how to count..."

**Leanne:** [laughs]

**8:31 June:** And he...that joke or whatever, did not go over well. He didn't get what I was saying.

**8:38** He didn't know what I meant, and what I meant of course was that when I was in school, the mindset was that girls just didn't have what it takes to do the math.

**8:50** And then recently we had a roofer come to repair part of the roof and I gave him the square feet and he said, no, he'll get the square feet from my husband, not me, the girl, you know. And interestingly my husband's a writer; I mean, he can do the math, but let me tell you, he can't fix anything, but the guy still today had this mindset.

**9:12** So that mindset is still there, that many women in business can still tell you that this is a mindset that's ingrained. I think it's the same as the Indie mindset; the fear of taxes is ingrained. It's stuck there. And as I said, if I'm telling you, "Hey, get rid of that way of thinking," because it's psychological, it's not going to work.

9:36 But I know what works. And I know what works because Indies have told me what works. And what works is knowledge. Understanding how taxes, income and expenses -- how they work in a self-employed business -- understanding that...even the basics -- just the basics -- will give you -- you and all Indies -- the confidence that they need and so then the fear is gone. And when the fear is gone then they can do it.

10:11 What I say with a little pat on the back to myself is that what you need to get this knowledge is you simply need the right teacher to present it to you because in my mind -- and this is why with the, as I said, The Confident Indie was for the creatively self-employed -- I think that all self-employeds are creative, not just those in the creative field. I mean, no matter what someone works in, if they're self-employed, they need to do and figure out everything in their business and I think all Indies are talented; they're intelligent. They just need a simple, accurate explanation of how the tax side of their business works. And that's what I've been doing for 30 years.

10:56 **Leanne:** Yeah...that's great and I absolutely agree with you that, I think, every Indie is creative and the business aspect of creative endeavors is kind of an extension of the way that you think, the way that you live; it all ties together.

11:14 **June:** I think you're absolutely right. I mean just trying to figure out...I mean I've been doing this now...my kids are all grown up and in their own Indie businesses...but when my kids were little and I was doing this, part of the creativity was figuring out what do you do with your kids while you're working!

**Leanne:** [laughs] Exactly!

**June:** That is part of it. And you need someone to guide you...

**Leanne:** Yeah...

11:38 **June:** The bad guy in my book is Sammy Segar CPA. And Sammy Segar CPA does **not** understand Indies.

11:44 **Leanne:** Yeah...You know, I have to say, I've been at my current business about 10 years now and I had a couple of businesses before that and so I've worked with several different accountants and I have to say, you're absolutely right about the knowledge part. For the first few years, I was having somebody help me, but I just couldn't understand it. And it's not that I'm not intelligent or not that I didn't want to. And then you go to different people and you get different explanations; you hear different stories, different priorities, so that's really, really important to get that knowledge, yeah...

12:21 **June:** I think so and the other thing, I think, is that people tend to fear attorneys and accountants, maybe their doctors. They'll ask more questions when buying a refrigerator than they will when going to an accountant and saying, you know, "Oh, do you handle other self-employed people?" That's really important, so I understand what you're saying, yes.

**12:44 Leanne:** So, one of the things that my friends or colleagues always ask me is, when they're thinking about starting a business, or whatever, they ask me what I think, if they should incorporate. And obviously I'm not that expert, but I can tell them my own personal experience, but there does seem to be a lot of misinformation, misunderstanding out there about that.

**13:06** And you advocate being a sole proprietor and there's many reasons, but I wish I had done the same thing. I did form an LLC because I thought I was going to have a business partner and that ended up falling through. But please explain what are the main benefits of staying a sole proprietor and why you advise that.

**13:24 June:** OK. I'm going to sort of flip it to incorporation and why not to incorporate. What happens is that a lot of people starting a business go to an attorney or an accountant, CPA, and say, "I'm starting a business; what should I do?" and they say, "Incorporate." That is not necessary. There is, when you're starting out -- and I have to say in general; there are situations where, yes you should incorporate -- but, there is no reason to incorporate. It complicates your life and there is no benefit.

**Leanne:** Yes!

**14:04 June:** I mean that's it in a nutshell. And I have to tell you, in thirty years where people have come to me as a corporation and they...I say to them, "Why did you incorporate?" I have not yet met one who gave me a reason, other than 'Daddy told me to do it,' 'My accountant told me to do it,' or 'My attorney told me to do it.' None of them had a reason. So that's the thing.

**14:30** There is no reason to incorporate **until** such time as there is. And if that going to happen that's...your accountant will know that, but he has to be able to give you a reason why.

**14:44** Being a sole proprietor simplifies your life. It is totally legitimate, and it has many advantages. In the old days, you could only get a really good pension if you were making a lot more money than you needed to live on and you wanted to put money into a pension plan...you couldn't do that unless you were a corporation.

**15:04** Those regs -- IRS regulations -- have changed. You can get wonderful pensions, flexible pensions that allow you to put in a ton of money, if you're making a ton of money...into a pension...which you couldn't do before. So that was the main reason.

**15:20** On the liability front, and a lot of people said, "Well, I'm gonna be a corporation and then nobody can sue me." Anybody can sue you, if they want to. Are you protected well? You're a musician, you have your wife's or your husband's Volvo with all your drums and everything in the back and you go to the club and you hit somebody in the parking lot. You weren't in the corporation's car; you were in your personal car. So the corporation doesn't do anything for you there. So you have to be very careful here because I'm talking legal stuff and I am **not** an attorney. But people think, "Oh, I have that veil of protection." It's called a veil for a reason; it's not called a wall. So...and you said you're an LLC.

**Leanne:** Yeah...

**16:12 June:** An LLC is not a tax entity. Tax entities are sole proprietorships, corporations, partnerships - there's two kinds of corporations; a C Corp and an S Corp. Those are tax entities. That says how something's taxed. An LLC stands for Limited Liability Company; not Limited Liability *Corporation*, but Limited Liability Company. And it's a legal entity.

I can be a sole proprietor and form an LLC. You and I can go into business together and we can form an LLC as a partnership. So an LLC is different. And then only if...and because it's a legal entity and it follows the rules and regulations and laws, whatever, of 50 different states, an LLC that I form here in Santa Fe, New Mexico may be very different from one formed in New York. New York ones have much more protective laws, regulations, for the LLC owner than they do in New Mexico.

**17:25** So something you really need to understand...if you need liability protection, if you're a massage therapist and you use the wrong oil on someone's hand who is going for their audition tomorrow and so can't play their guitar and they sue you because you ruined their life, and their livelihood, then you as the massage therapist had better have insurance...

**Leanne:** Yes...

**June:** ...that covers that kind of situation. So it's something that there is...there's this cookie cutter thing that accountants say, "Oh, yes --" BAM! "incorporate and get a business checking account." And you say, "Hey, what do I put in my business checking account? I haven't made any money yet."

**Leanne:** Right!

**June:** OK. So, I mean, I could go on about that, but basically what I'm saying is don't do it unless you get a lot of good reasons and then you tell your friend those reasons and see if those reasons make sense to your friend or your father or your mother or your brother or some business savvy colleague.

**Leanne:** Right, right. And just from my experience, what I've seen is that tax preparation is more complicated and...

**June:** ...and more expensive...

**Leanne:** And more expensive and you've paid the lawyer and it's exactly your point; you're not making any money yet. And there was for me -- again, not advising anybody -- for me there was no upside to it.

**June:** You can dissolve a corporation.

**Leanne:** Oh, OK. I've thought about that and I thought, well, OK, maybe I should check into that someday.

**June:** It's relatively easy because I have done it in a lot of states for a lot of clients. And you just then have to call the state boards and find out what has to be done for your state. And you dissolve it. And it usually...the one...I'm trying to remember...it's been...it doesn't cost money. I mean they have to pay me to do it, but you can probably do it...you can get the ball rolling yourself by getting information.

**Leanne:** OK...good, good...

**June:** OK?

**Leanne:** Yes! So tell us now what is the difference between a hobby and a business? Another way to say that: when does an artist have to start worrying about this stuff?

**June:** First of all, never worry! A hobby is something you do for fun. If you make some money at it, you can deduct expenses on your tax return up to the money you made. OK. You work for a corporation and you play guitar sometime for various groups and once in a while they pay you. And you end up making \$1000 that year because people were paying you. You can deduct up to \$1000 in music expenses against that hobby income.

A business, on the other hand -- oh, and your goal with a hobby is simply to have fun and to enjoy it and to keep your feet in the music water, so to speak. But a business is something you do to make money. It doesn't mean you can't love what you do. But your goal is to make money. You don't **have** to make money, but your goal needs to be to make money; you have to have a profit motive. That's it in a nutshell.

**Leanne:** OK. Can you give us a couple of little checks about that profit motive?

**June:** In my book, in [The Confident Indie](#), there is a list of things that prove to the IRS that you have a profit motive, even though you're not making any money. And the main thing they say is you have to treat what you do as a business. They used to say you gotta have a business card. Well, now everybody can make a business card on their computer. You have to keep records. So you can't guess at your expenses. You have to have a record keeping system. You have to, if you're trying to get a gig someplace, and you try and you email club owners or you go out to see club owners or you send out your CD, keep a record of that because that shows that you're out there trying to sell your music. Even if all these guys say no, that's not your problem that their saying no...I mean, it is your problem, but it's not your problem in terms of proving that you're in business. You just have to really want to make money doing it. And the easiest way to do it is to treat what you do like a business.

**Leanne:** OK. Good. So you talk in your book about having an Indie mindset and what you mean by that is having a broad view of what your business activities are. So, can you go into some detail for our listeners what you mean by that and why it's a good thing?

**22:13 June:** Ah, yes, and it's sort of...it has over the years evolved from the Indie business mindset...I've learned from my clients and my readers and my website visitors...it's evolved into an Indie power mindset. In *The Confident Indie*, in the new book, I teach Indies how to develop this Indie power mindset, so that it's deeply ingrained. It's a way of thinking about your business life as a self-employed. And it guides the self-employed to embrace or to hold on to this new and powerful way of relating to his or her business, his work, his creativity. And it starts by getting you to think that you are a business. I know I have a lot of jazz musicians as clients and when I would tell them that this music they're

playing, this is a business and they thought it was demeaning to say that and I said, "No, it's not. It's part of what you do and it's looking at what you do as...in a professional way."

**23:22** If we have a moment, I'd like to give three ways of looking at this Indie power mindset to help people think...

**Leanne:** Oh, sure, sure...

**June:** OK, so the first thing I say is -- and this is all about how to look at what you do and how to look at expenses -- the first is, define your business as broadly as you can. Think of it that the more multifaceted and inclusive what you do, the more -- the wider the definition -- the more expenses you gonna have. For instance, if someone is a music consultant rather than a piano teacher, that's gonna broaden the deductions that this person can have.

**24:08** The second is, look at all your activities from the vantage point of this new entrepreneurial Indie power mindset way of thinking. Because the line between business and personal is very wiggly. You may be heading to a rehearsal, but you have your kids or your mother in the car that you're dropping off at day care or senior center, and then you head to your rehearsal. Just because you had family members in the car, doesn't mean that those aren't business miles. So you really need to think, you have to...because this line isn't well marked, the difference between work and family and play and chores and your business life and your work life, you really need to expand your way of thinking on this.

**25:02** And also in this thing of a way of looking at your business is, whether something is business or personal is often decided by circumstances, not necessarily by whom you're doing it with and it all depends on your life. A musician who's single and without children may do very little that's not considered as the IRS says, "ordinary and necessary" to his business -- he travels, he purchases equipment (music equipment), he attends concerts -- his approach to what he does is going to be different than if you have a musician who, let's say, has three kids, who teaches music at the community college as a salaried person, but then also does his music gigs in the evening or weekend. So this complicates his life, but at the same time, means that he needs to look at things and just because -- or she -- just because they've got the three kids in the car, doesn't mean that they're not performing a business function, or business act, or he's not going to a business event.

**26:08** So, and that's in a sense...the third thing is review your relationships. With this new Indie power mindset you really need to look at the relationship you have with people. And even though someone is your friend, they can be primarily a business associate. So, if your best friend is a fellow musician, and you go out for lunch and she tells you about this new festival that's coming up and you say, "Wow, that's great! I didn't even know about that...let me buy your lunch." Even though, she's your friend, that is a business lunch.

**26:51** And it's a way of thinking and it is something I argue with the Sammy Segar guys all the time. It is a legitimate business deduction.

**27:04** So to sum up this Indie power mindset, I'm saying define your business as broadly as you can, reexamine your activities because it may be that many of them have a business element that you didn't realize, and also look at your relationships -- whatever you do, whomever you do it with -- consider the possibility of a business connection. Most Indies cheat themselves; they don't take all the deductions that they're allowed to.

**27:38 Leanne:** Great stuff! Excellent, excellent. I'm hoping that it helps somebody who is listening. So, thank you, yes...

**27:44 June:** All of these ideas that I'm telling you are fleshed out in my book and on my website. My website, by the way, is [junewalkeronline.com](http://junewalkeronline.com). There's a lot of information there. I always tell people read as much as time allows...just because you will learn things there; you will find out: this is what I can deduct...oh my goodness, that wasn't income I thought it was.

**28:10 Leanne:** Good. So any final common mistakes or misunderstandings that you'd like to clear up; any final thoughts that you have and then you can give us some information about your books...

**28:28 June:** What I would say to Indies is that...some of the misconceptions a lot of self-employed people think that they make so little money that they don't need to do anything about taxes and record keeping. I'll be at a party or a dinner party and somebody will say, "Oh, that's what do...I'll have to see you when I make a lot more money." The thing is, that if you're making no money, if you're making \$5000 a year, \$50,000 a year, \$500,000 a year, \$5 million a year -- you need to look at this and I explain that in my book and I explain why. And that's one mistake people make.

**28:56** Another is listening to Daddy's accountant and he's a great guy and he's wonderful, but he only works with employees and he doesn't know anything about self-employed people.

**29:05** And the other big mistake is musicians being paid in the parking lot is hiding income. They think that's a good way to avoid taxes, but it's fraud and when that club owner gets audited because they say, "This is how much you've spent for liquor, and we know that because it's federal purchases, and your only claiming this much income and you have musicians and where's the 1099s." The club owner is going to cover his own rear end, not yours and you're going to be hauled before the IRS.

**29:36** So, that's my big warning. And I do...I really, really, really push my book -- Kindle, it's cheap; also you can borrow it for free. Learn what you can or just visit my website. Learn what you can. It's so important for you to understand the tax and business and financial end of what you're doing. It will make things easier for you.

**30:04** One of the things is when -- oh, what should I do at tax time? What's the chore? It's not a chore; it's a process. It's something that you want...that should be part of your entire business and part of your entire art. So check out the website; it's [junewalkeronline](http://junewalkeronline) -- not "junewalker"; that's a car dealership in North Carolina. I really, really recommend learning as much as you can.

30:32 Closing thought, I'm going to be in San Francisco at the Creative Freelancer Conference in June. I understand there's going to be a lot of wonderful people there explaining different things about creative businesses.

30:45 My other note is don't let the big boys scare you; big boys, I mean big accounting firms that say you have to do this, you have to do that. And what I say to one of my clients is a well-known banjo player and I said to him when he first came to me, I said, "OK, take your banjo" -- because he said he didn't like his accountant and he was terrible...I said...and he made him nervous -- I said, "Take your banjo, put it in his hands and tell him to play. And while he's playing to explain taxes to you." And of course he couldn't. So that's what you have to think about. He's talking to these big boys telling you you gotta do it this way. They can't do what you do.

31:23 **Leanne:** Right...that's a great story. Alright, well, thank you so much, June! Really, really good to talk to you today and I hope that some of our listeners take advantage of your offer and learn as much as they can and pick up your book.

**June:** Wonderful...

**Leanne:** Thanks so much!

**June:** Thank you!