**Glossary**

1099 Form – Various forms (e.g., 1099-MISC, 1099-INT) used to report income other than wages, such as freelance earnings or interest income.

Accrual Accounting – An accounting method where revenues and expenses are recorded when they are earned or incurred, regardless of when the cash is received or paid.

Accruals – Recognition of revenues and expenses in financial statements before cash transactions occur.

Adjusted Gross Income (AGI) – Total income minus certain allowable deductions, representing the income used to calculate taxes.

Assets – Resources owned by a business, including cash, inventory, equipment, and property.

Audit – An independent examination of financial information to ensure accuracy, compliance, and transparency.

Balance Sheet – A financial statement that provides a snapshot of a company's financial position, showing its assets, liabilities, and equity at a specific point in time.

Bookkeeping – The systematic recording of financial transactions, including sales, purchases, and payments.

Capital Gains Tax – Tax on the profit from the sale of assets, such as stocks or real estate.

Cash Basis Accounting – A method of accounting where revenues and expenses are recorded when cash is received or paid.

Cash Flow Statement – A financial statement that tracks the inflow and outflow of cash within a business, providing insights into liquidity.

Cost of Goods Sold (COGS) – The direct costs associated with producing goods or services.

Credit – An entry on the right side of an account representing an increase in liabilities or equity or a decrease in assets.

Debit – An entry on the left side of an account representing an increase in assets or a decrease in liabilities or equity.

Depreciation – The systematic allocation of the cost of a long-term asset over its useful life.

Double-Entry Accounting – A system where every financial transaction affects at least two accounts, with equal debits and credits.

Equity – The residual interest in the assets of a business after deducting liabilities; it represents the owner's stake in the company.

Estate Tax – Tax on the transfer of property upon a person's death, applicable to estates exceeding a certain value.

Expenses – Costs incurred in the process of generating revenue, such as rent, salaries, and utilities.

FICA (Federal Insurance Contributions Act) – The portion of payroll taxes used to fund Social Security and Medicare.

Filing Status – The taxpayer's classification (e.g., Single, Married Filing Jointly, Head of Household) that determines the tax rates and deductions.

Financial Statements – Reports that provide an overview of a company's financial performance and position, including the income statement, balance sheet, and cash flow statement.

GAAP (Generally Accepted Accounting Principles) – A set of standardized accounting principles, procedures, and guidelines used in the United States.

Gift Tax – Tax on the transfer of property or money as a gift, typically paid by the donor.

IFRS (International Financial Reporting Standards) – A set of international accounting standards used by companies globally for financial reporting.

Income Statement – Also known as the profit and loss statement, it summarizes a company's revenues, expenses, and profits or losses over a specific period.

IRS (Internal Revenue Service) – The U.S. government agency responsible for collecting taxes and enforcing tax laws.

Itemized Deductions – Specific expenses (e.g., medical expenses, mortgage interest) that taxpayers can deduct from their taxable income, requiring detailed documentation.

Liabilities – Financial obligations and debts that a business owes to external parties.

Loss – The negative difference between revenue and expenses; it indicates a financial deficit.

Profit – The positive difference between revenue and expenses; it indicates the financial gain of a business.

Progressive Tax System – A tax system in which higher-income individuals pay a higher percentage of their income in taxes.

Retained Earnings – The cumulative net income of a company that is retained for reinvestment in the business.

Revenue – Income generated from the sale of goods or services.

Self-Employment Tax – The tax levied on individuals who work for themselves, covering both the employer and employee portions of Social Security and Medicare.

Standard Deduction – A fixed dollar amount that reduces taxable income for individuals who do not itemize deductions.

State Income Tax – Taxes imposed by individual states on residents' income, rates varying by state.

Tax Avoidance – Legally minimizing tax liability through strategic planning and taking advantage of available deductions.

Tax Bracket – The range of income subject to a specific tax rate.

Tax Credit – A direct reduction in the amount of taxes owed, often based on specific criteria like education expenses or energy-efficient improvements.

Tax Deduction – An expense or allowance that reduces the amount of income subject to taxation, lowering the overall tax liability.

Tax Evasion – Illegally reducing tax liability through deceitful practices or fraudulent reporting.

Tax Exemption – A specific amount that can be deducted from taxable income for each eligible dependent.

Tax Liability – The total amount of taxes owed by an individual or business.

Tax Refund – Money returned to a taxpayer who overpaid their taxes during the year, typically received after filing a tax return.

Tax Return – The annual report filed with the government, detailing income, deductions, and tax calculations.

Tax Withholding – The amount of income taken out of each paycheck to cover anticipated tax liability.

Taxable Income – The portion of income subject to taxation after allowable deductions and exemptions.

Trial Balance – A list of all general ledger account balances to ensure debits equal credits.

W-2 Form – A form provided by employers to employees, reporting annual earnings, taxes withheld, and other relevant information for tax filing.