

Spotlight on Small Business

There are many issues and questions facing the small business owner on a daily basis. As a CPA, I am constantly being asked seemingly innocent questions ranging from "How long do I have to keep my records" to more technical questions such as "Should I offer a 401(k) plan to my employees?" Each business decision is based on its individual circumstances such as to which financial records you are referring and what is the composition of your current payroll employees and determination of your long-term company plans. As you can see, there are no easy answers!

Many payroll related problems are caused by a lack of attentiveness to IRS and State of Michigan inquiries, and now with the new electronic filing requirements, tax deposits are not being completed in a timely fashion. The solution to these new challenges is to obtain proper advice and technical assistance from your CPA, banker, or payroll service provider. Even the dreaded workers' compensation and personal property tax audits can be easily handled in an efficient manner by an experienced CPA.

Another common question deals with type of entity. Most upstart businesses are better off choosing the simplest way of starting a business, self-employment, since a D.B.A. ("doing business as") is not required if you do not use an assumed name.

Recent tax law changes have given businesses an opportunity to be recognized as LLC (limited liability companies). This establishes a pass-through method of distributing business activity to the owners, who are in actuality partners of the LLC. This is similar treatment as provided by S corporations without some of the extra costs and filing requirements associated with incorporation.

We are constantly changing approaches to taxation and determining the best form of business entity as Congress and the IRS change the rules we must follow. It is difficult to give sound business advice in a generic manner since each case is in fact an individual and unique scenario.

As always I welcome your ideas, comments and critique!