Newsletter

S. J. Meyer & Associates, Inc., CPAs
370 Huls Drive, Clayton, Ohio 45315
937-832-5209
www.sjmeyer.com

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## Tax filing reminders

- **September 16** – Third quarter installment of 2013 individual estimated income tax is due.
- **September 16** – Filing deadline for 2012 tax returns for calendar-year corporations that received an automatic extension of the March 15 filing deadline.
- **September 16** – Filing deadline for 2012 partnership tax returns that received an extension of the April 15 filing deadline.
- **October 1** – Generally, the deadline for businesses to adopt a SIMPLE retirement plan for 2013.
- **October 15** – Deadline for filing 2012 individual tax returns on extension.

## Make your plan accountable for best tax treatment

Are you looking for a way to give your employees a tax-free benefit that is also tax-deductible for your business? Why not consider an accountable plan?

An accountable plan is an arrangement that lets you reimburse your employees for expenses incurred on behalf of your company, such as driving to the post office or supply store. With a properly administered plan, you can deduct the reimbursements on your business tax return; yet the payments are not considered income to your employees.

How can you make sure your plan qualifies?

- First, the reimbursements must be for allowable business expenses. For instance, you can repay employees for hotel and other travel expenses when traveling to a trade convention.
- Second, your employees need to keep records of the expenses and provide those records to you.
- Third, if you pay or advance your employees more than the amounts spent on business items, the extra must be returned, generally within 120 days. Amounts not returned to you are income to your employee, and are subject to payroll taxes.

The requirements are applied to each employee, and you can have more than one plan.

Contact us to discuss your policies for repaying employees’ business expenses. We’ll help you make your plan accountable.

# Avoid six common mistakes in selling a business

Most entrepreneurs eventually think about selling their businesses, whether as a prelude to retirement or to pursue other activities. In doing so, they often underestimate the effort required for a satisfactory outcome and overestimate the value and salability of their enterprises. If you're contemplating selling, here are some common mistakes to avoid.

1. Overestimating the value of your business.

   Your price should be based on the fair market value of the business in its current form. Buyers won't care about the work you've put into building your business or your unique vision for its future.

2. Failing to account for the nature and make-up of your business.

   The values of most businesses proceed from a mixture of variables. If your business includes significant equipment, real estate, intellectual property, or other such assets, their values should be separately established before being factored into the overall price. If you're selling a service or professional firm, much of its value may depend on the experience and skills of your managers and employees. In such a case, the price may vary according to the expected retention of key individuals.

3. Failing to base your sale price upon independent appraisals.

   Even if you think you know the value of your business, you should obtain two or more outside appraisals from professionals familiar with your industry. If the appraisals conflict with your opinion, they'll provide a much-needed reality check. If they confirm your opinion, they'll become a useful sales tool.

4. Not hiring a professional business broker to handle the sale.

   Owners are often too personally invested (and/or eager to sell) to effectively negotiate sales of their businesses. A broker familiar with your type of business will know what issues are important to buyers and what characteristics to emphasize or de-emphasize, without becoming emotionally involved.

5. Neglecting to work with the buyer to ensure a smooth transition.

   Nobody likes being thrust into unfamiliar circumstances without preparation. Notifying your managers, employees, and customers in advance and doing all you can to allay their concerns will serve your own best interests, as well as being the honorable thing to do. Discontent on the part of any of the affected parties could result in conflicts, reduced revenue for the buyer, withheld sale payments, and litigation.

6. Being unwilling to help finance the sale.

   If you're unwilling to take back a note, your sale price is limited to the buyer's cash and ability to obtain outside financing. At best this could limit the number of potential buyers, and at worst it could limit your sale proceeds. (Conversely, if you finance too much of the sale price, you'll increase the risk of default.)

Selling your business is too important to attempt without professional help. If you're considering selling, call us for an appointment to help formulate your plan.

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.