

- Tax planning
- Bookkeeping
- Payroll
- Business Valuations
- Wealth Management

Schramm & Company, PC

"Professionals who Care"

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Schramm & Company Welcomes a New Employee

We are proud to introduce the newest member of team Schramm, Randi Buhl, CPA.

Randi graduated from Pacific University in 2005 with a degree in Accounting and Finance and joined Schramm & Company in March, 2010.

She began practicing in 2005 with a Big Four accounting firm in Orange County, California, specializing in taxation and business consulting. She extended her

career in taxation with an international accounting firm located in Spokane, WA from 2007 – 2010.

Randi also has extensive teaching experience with professional organizations and WA State Universities in the subjects of taxation and accounting.

Randi is a native of Three Forks. She, her husband Jake, and daughter Peyton love being outdoors,

spending time with their extended families, and are avid golf enthusiasts



Inside this issue:

Schramm & Company Welcomes New Employee	1
Improve your Chances of Getting a Business Loan	1
The HIRE Act offers Tax Breaks for Hiring	2
Important Tax Deadlines	2

How to Improve your Chances of Getting a Business Loan

Despite the recent bank bailouts, credit is still tight for small business owners hoping to expand their operations or entrepreneurs embarking on new ventures. How can you improve the chances of obtaining a bank loan for your small business? Take a lesson from the Boy Scout Motto: Be prepared.

Specifically, you will need to gather documents to provide the lender with a complete picture of your situation. In addition, be prepared to present a

persuasive argument in your favor.

Documents: What documents do you need?

1. **Business plan.** Draw up a blueprint for business operations for at least one year. Demonstrate how you expect to use the loan proceeds.

2. **Cash flow projections.** This may be a component of the business plan, but the lender will also expect a detailed analysis of what you expect to earn and the manner in which it will be

spent.

3. **Prior tax returns.** For an on-going business, provide past returns for a minimum of three years. Owners of start-ups may substitute individual returns.

4. **Financial status data.** The lender will likely ask you to list your main personal assets (e.g., home and cars) and outstanding debts

5. **Credit rating report.** A good credit history enhances your viability as a borrower. (continued on pg. 2)

Did you know we have a website?

- Check on your refund status in our "links" section.
- Look up tax savings tips for you or your business.
- Research tax, business, and financial strategies in our reference section.
- View current and pending tax legislation and much more.

Check it out at www.schrammcpa.com

How to Improve your Chances of Getting a Business Loan Cont'

(Continued from pg. 1)
Obtain a free or low-cost credit report from one of the three major reporting agencies — Equifax, Experian, or TransUnion.

Questions

The next step is to convince the lender that you deserve the loan. Be prepared to give answers to some basic questions, such as:

-How much money do you need?

-How much do you intend to finance personally?

-How will you spend the money?

-How do you intend to repay the loan?

-What collateral do you have to secure the loan? –

-What type of expertise do you have in your business?

-How will you proceed if you don't receive the loan?

When responding to these questions, don't be overly assertive, but try to project an air of confidence. The lender will want you to show the leadership qualities that can sustain a business through both good times and bad. The interview is as much about you, the business owner, as it is about the business.

For assistance in preparing your loan request, give us a call.

Be prepared to answer "How will you spend the money?" and other questions.

The HIRE Act Offers Tax Breaks for Hiring

Are you thinking of hiring new employees, or rehiring previously laid-off workers? You may qualify for a payroll exemption as well as a business credit under the newly enacted *Hiring Incentives to Restore Employment Act (HIRE Act)*. Here are details.

Payroll exemption: When you hire certain unemployed workers, you may qualify for forgiveness of the 6.2% social security tax you would normally pay on the wages of those new employees.

Your new hires must start work after February 3, 2010, and before January 1, 2011. In addition, they'll have to certify they worked less than

40 hours during the 60-day period prior to starting the job with you. Relatives are ineligible, and your new workers generally can't displace a current employee.

The exemption is available for wages paid from March 19, 2010 through December 31, 2010. You'll claim it on your quarterly payroll reports, beginning with the second quarter of 2010.

Note that you'll still have to withhold and deposit the employee's portion of the social security tax, and that both you and your employee are required to pay Medicare tax on all wages.

Be aware, too, that while the

exemption will free up current cash flow, you will have less payroll tax expense, and therefore a smaller deduction on your business tax return at year end. Also, wages that are eligible for the exemption do not qualify for purposes of calculating the Work Opportunity Tax Credit unless you opt to forego the exemption.

Business tax credit: In conjunction with the exemption for social security tax, you can take a federal tax credit for the newly hired workers who stay with your company for 52 consecutive weeks. The maximum credit is \$1,000 per retained employee, and you'll claim it on your year-end business

income tax return.

The *HIRE Act* also extended the enhanced Section 179 expensing rules. Through the end of 2010, you can expense up to \$250,000 of machinery and equipment you purchase and use in your business, as long as the total cost of the assets you buy doesn't exceed \$800,000. Bonus depreciation, which expired at the end of 2009, was not extended.

Major Tax Deadlines

For June 2010

June 15th-2nd Qtr 2010 individual tax estimate is due.

June 15th- Due date for calendar year corporations, trusts, and estates to pay

second installment of 2010 estimated tax payments.

NOTE: Businesses are required to make federal tax deposits on dates determined by various factors that differ from business to business.

Payroll tax deposits:

Employers generally must deposit for 941 taxes on either a monthly (deposit accumulated monthly taxes by 15th of next month) or semiweekly (Wed or Fri depending on when wages

are paid.) basis.

There are exceptions if you owe \$100,000 or more on any day during a deposit period, if you owe \$2,500 or less for the calendar quarter or your estimated annual liability is \$1,000 or less.