



The Economic Stimulus Package Act of 2008

What's in it for small business owners?

By Michael La Motta



election allows a current deduction for newly acquired assets that otherwise would have to be depreciated over a number of years. Because this tax break is designed to benefit primarily smaller businesses, the expensing election begins to phase out dollar for dollar when total asset acquisitions for the tax year exceed \$800,000 (up from \$510,000 before The Act). The new higher limit applies for tax years beginning in 2008.

Another depreciation-related provision offers a bonus depreciation allowance for certain property, if purchased and placed in service in 2008. This is in addition to any such property that qualifies for Section 179 deduction. For eligible property, the bonus depreciation amount is equal to 50% of its adjusted basis.

The following types of properties qualify:

- Tangible property with a recovery period of 20 years or less,
- Computer software purchased by the business,
- Water utility property, and
- Qualified leasehold improvement property.

Because both the Section 179 limit and the bonus depreciation can provide large 2008 deductions, you may want to consider making major asset purchases this year. It is advisable to consult your tax professional before making any major acquisitions ▼

Michael La Motta, CPA is Partner-in-Charge of Tax Services. He can be reached at 973.994.9400 or [mlamotta@wiss.com](mailto:mamotta@wiss.com)

In addition to the heralded tax rebates to individuals, the Economic Stimulus Package Act of 2008 also includes notable tax incentives for businesses. To spur additional investment, The Act increases the Section 179 limit for initial year expensing to \$250,000 (from \$128,000). The Section 179 expensing

Is Your Business Ready For Sale?

By Paul Peterson

With the first of the baby boom generation approaching retirement, many private business owners are getting ready to put their businesses on the market. This initial wave of retirees will likely find a supply of good buyers, however, in a few short years as more boomers move into the "sell" state, this initial glut of sellers may be met with a decreasing supply of buyers.

A retirement plan built around the proceeds expected from a lucrative sale may be critically flawed if you don't prepare well in advance of the day you want to retire. Will your business be ready to sell when you are? In order to realize the most value from your hard earned asset in the timeframe you

desire, you cannot underestimate the time needed to get your house in order.

Today's buyers are taking cues from Wall Street. They are demanding documentation and asking hard questions. Even small transactions now require rigorous due diligence. Buyers are looking for historical records for at least three years preceding the sale, so you need to get organized well before then. Some experts suggest getting started five or more years before you want to sell.

Strengthen the Documentation

In the course of due diligence, the potential buyer will ask for historic evidence of your business and its operations. You will need to produce documents such as financial statements,

Continued on Page 3

In This Issue

The Economic Stimulus Package Act of 2008

Is Your Business Ready for Sale?

Wiss Happenings

Update: UEZ Sales Tax Rebate Program

Important Tax Dates

Visit us at www.wiss.com

Wiss Happenings



WISS has been chosen as one of the **Best Places to Work in New Jersey for 2008**. The Best Places to Work in NJ awards program honors those companies that show a dedication to their employees' growth and quality of life.



Scott Clelland, Partner-In-Charge, Public Sector Services was appointed as one of the Vice Presidents of the 2008/2009 Board of Officers and Trustees for the New Jersey Society of CPAs. He will be inducted on May 9th at the annual convention.

WISS was profiled in the February issue of *Practical Accountant* in it's cover story on Work/Life Balance. The article spotlighted the unique programs we have implemented to attract and retain good employees.

Steven Mizrach, Partner-in-Charge of Healthcare Services has joined the Advisory Council of NJ PHYSICIANS, a new association founded to address issues pertaining to the future of the practice of medicine in New Jersey. Steve also led a session at the 2008 NJ Practice Management Conference in Atlantic City on the use of Open Book Management to promote efficiency in medical group practices and had an article published in *M.D. News* on Exit Planning.

Leo J. Zatta, Partner-in-Charge of Law Firm Services, was recently named to the Accounting Advisory Board at the Stillman School of Business at Seton Hall University.

Paul Peterson, Partner, led an online seminar on R&D Tax Credits presented by the American Council of Engineering Companies (ACEC) in January.

Ezriel Milun C.A.(S.A.), C.F.E. passed his CVA exam.

Bryan Saftlas, Audit Manager was a panelist at Commerce and Industry Association of New Jersey's (CIANJ) "Financial Decision Makers Roundtable" in January.



Wiss employees participated in The American Heart Association's annual National Wear Red Day fundraiser on February 1. Each employee donated a minimum of \$5 and wore red to show their support for the awareness of women's heart disease.

Wiss Women's Leadership Forum

Presents

The Path to Leadership: Making Choices, Meeting Challenges

May 14, 2008

8:30 am

Sheraton at Woodbridge Place Hotel

Join us for a lively discussion, moderated by *Marcy LoCastro*, Associate Managing Partner at Tatum, as a panel of successful women share their thoughts and experiences on what it takes to become a leader in today's business world.

Panelists include:

Kirsten Scheurer Branigan, President of the NJ Woman Lawyers Association and *Janice Caprio*, VP and CFO of Lawn Doctor.

Admission is free, but we ask for a spring accessory contribution (shoes, purse, etc.)

to **Dress For Success**.

For more information contact *Kathy Powers* at kpowers@wiss.com or call 732-283-9300.

Wiss Women's Leaders Forum

 **DRESS FOR SUCCESS®**
Suits to Self-Sufficiency



Update: UEZ Sales Tax Rebate Program



Two recent changes affecting those urban enterprise zone (UEZ) businesses should ease the paperwork burden placed on them by the UEZ sales tax rebate program.

First, the exception for small businesses under the rebate program has been broadened to include businesses with annual gross receipts of \$3 million or less (up from \$1 million). Those businesses with gross receipts of \$3 million or less are not required to pay sales tax at the point of purchase.

Second, for those businesses submitting a claim for refund of sales tax, documentation in support of the refund is no longer required. Rather, the business will submit only a cover sheet and list of transactions. Revised Forms A-3730-UEZ and A-3730-UEZ-1 reflect this change. Businesses will, however, be required to retain canceled checks and invoices in support of their claim for at least four years from the date of the claim.▼

Kevin Kerrigan, CPA is Partner of Tax Services. He can be reached at 973-994-9400 or kkerrigan@wiss.com.

Is Your Business Ready For Sale?



Continued from Page 1

business plans, sales and production reports, lease agreements, service contracts, operation manuals, etc. The buyer will assess the future viability and profitability of your business based on this paper trail.

Your financial statements are the first place a buyer will look to assess the fiscal strength and performance of your business. It is important that these statements conform to generally accepted accounting principles and be audited by a reputable accounting firm.

Plan Ahead

To present your business in its best light in the years leading up to your desired retirement date, you should consider the following:

1. Increase your Profitability

Income and cash flow need to be predictable and consistent and should not depend on your presence (unless you come with the deal). On the income side, you might increase revenue by adding another salesperson or extending store hours perhaps. Alternatively, expenses might be decreased by elimination of certain perks provided to you or your family through the business (e.g., a company car). You might consult with your accountant about capitalizing some items as opposed to expensing them, or maybe changing inventory reporting methods.

2. Improve your assets

A new owner does not want old problems. Get rid of unproductive assets and stale inventory. If real estate is part of the business, consider moving that to another entity, such as a limited partnership, where it can continue to provide you income by leasing it. Replace any equipment that may be nearing the end of its useful life. And generally, “spruce up” the property with paint and landscaping, etc.

3. Decrease your Liabilities

Before putting the business on the market, it is good practice to clear up any pending legal issues, such as liability claims or IRS audits. Even though most liabilities won't transfer with the sale, you want to avoid the distraction they might cause. Today, it is also wise to consider eliminating potential environment concerns, such as underground storage tanks and asbestos.

Keep it Real

Finally, when the time comes to put up the “For Sale” sign, you should get professional help to figure out how much your company is worth. In the end, the market doesn't care what you think your business is worth. The price it will fetch will be determined by the demonstrated condition of the entity and prevailing market factors. A professional appraisal can bridge the inevitable gap between the emotional value of your business and the realistic market price, and probably reduce the time it takes to close a sale.

We often counsel our clients to spend more time working on the business than in the business. This advice is never more critical than in the five to seven years before you want to retire. For baby boomers, that time is now. Getting your house in order today will certainly pay off when you're finally ready to kick back.▼

Paul Peterson, CPA is a Partner at Wiss. He can be reached at 973-994-9400 or ppeterson@wiss.com.

Mark your Calendar



Important Tax Dates to Remember

Tuesday, April 15

- Original individual income tax return.
- Original partnership information return.
- Corporate & individual estimated tax payment.

Monday, June 16

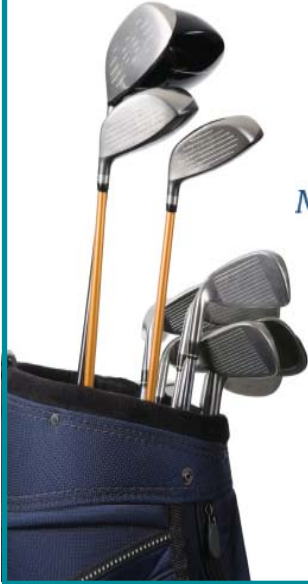
Corporate & individual estimated tax payment.

Save The Date

June 16, 2008

The 6th Annual
WISS
Edward W. O'Connell
Memorial Golf Classic

12:30 p.m. Shotgun Start
Essex Fells Country Club
Essex Fells, NJ



SPONSORSHIPS ARE STILL AVAILABLE!

| | |
|------------------------|---------|
| Tournament Sponsor | \$5,000 |
| Putting Green Sponsors | \$3,000 |
| Birdie Sponsors | \$2,500 |
| Par Sponsors | \$2,000 |
| 19th Hole Sponsors | \$1,000 |
| Hole/Tee Sponsors | \$150 |

Registration for individual golfers
and foursomes opens April 16, 2008

For more information, contact
Joanne Tessem at (732) 283-9300
or email jtessem@wiss.com



WISS & COMPANY, LLP
ACCOUNTANTS • CONSULTANTS
354 Eisenhower Parkway, Livingston, NJ 07039



Save a Tree! Receive *The Advisor* by
email! Send your name and email address
to fhenry@wiss.com.



Wiss' Iselin office is
moving in May 2008.
Our new address will be:

485C Route 1 South,
Suite 250
Iselin, NJ 08830

The Advisor is intended for the use of our clients as well as others. The technical information it contains is necessarily brief. Please do not come to a conclusion or take specific action without discussion with a Wiss & Company partner or another qualified professional advisor. IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.