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Criser, Gough, & Parrish

Small Business Alert

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Tips in Times of Business Downturns

By Eva Rosenberg aka TaxMama

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If you can't pay for a product or service:

- Don't buy it!
- Tell them up front and see if you can work out terms.
- Offer a trade in products or services you have.
- Look for a barter club. When you engage in barter, it's still taxable. Be sure you book all trades.

It's time to re-evaluate employees:

- Are your family employees bringing the company down?
- Do you have pity employees?
- Are you re-doing the work of employees?
- If you must cut back staff, consider job-sharing.
- Offer everyone a pay cut — in exchange for one paid day a month off — or more flexible scheduling.
- Cut employment costs. Have you put in a cafeteria plan — medical/child-care expenses pre-tax?

Costs — you already know how to cut costs, right?

- Evaluate/change suppliers — based on service and cost.

- Do you really need to buy that? Can you substitute something less costly — with similar quality?

Advertising/PR:

- Share costs — do joint/piggyback advertising with a related business.
- Do trade agreements with the local radio/tv station.
- Get a fundraiser started locally for a charity that helps folk who are out of work or need fundamental things like food and shelter.

Increase sales:

- Find out what your clients/customers really need right now that you can provide.
- Provide terms for them — or offer trades if they can't pay.
- See if you can help your clients/customers increase their sales or save their accounts receivable.
- Accept credit cards — PayPal is easy to set up and very low cost.

For the complete outline of Eva's article, please go to

<http://www.taxquips.com/index.php?id=1063>

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IRS Announces 2009 Standard Mileage Rates

Beginning on January 1, 2009, the standard mileage rates for the use of a car (also vans, pickups, or panel trucks) will be:

- 55 cents per mile for **business** miles driven
- 24 cents per mile driven for **medical** or **moving** purposes
- 14 cents per mile driven in service of **charitable** organizations

The business mileage was 50 1/2 cents in the first half of 2008 and 58 1/2 cents in the second half. The medical and moving rate was 19 cents in the first half and 27 cents in the second half.

The drop could mean headaches for employers that now use the 58 1/2 cent rate to reimburse their employees. If they do not reprogram

their payroll systems in time to reflect the new amount for 2009, any payments to employees over 55 cents per mile will be taxed as income, and payroll taxes must be withheld on that amount.

Remember to claim the cost of parking and tolls if you use the mileage rate. The rate does not include them.

(IRS Newswire, 11/24/08 & The Kiplinger Tax Letter, 11/26/08)

Pursuant to federal regulations imposed on practitioners who render tax advice ("Circular 230"), we are required to advise you that any tax advice contained herein is not intended or written to be used for the purpose of avoiding tax penalties that may be imposed by the IRS.

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