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Criser, Gough, & Parrish

Small Business Alert

Stephen M. Criser — Laura B. Parrish — Greg R. Gough

Final Increase in the Federal Minimum Wage

Effective July 24, 2009, the federal minimum wage for covered non-exempt employees will rise from \$6.55 to \$7.25 per hour.

This is the final phased increase from the Fair Minimum Wage Act of 2007, which amended the Fair Labor Standards Act.

Many states also have minimum wage laws. Covered employers must comply with both.

(SSA/IRS Reporter, Summer 2008)

Work Opportunity Tax Credit Guidance

Businesses planning to claim the newly expanded Work Opportunity Tax Credit for eligible unemployed veterans and unskilled younger workers who began work on or after Jan. 1, 2009, and before July 17, 2009, have until Aug. 17, 2009 to request the certification required for these workers.

Newly revised Form 8850, now available through IRS.gov, is used by employers to request certification from their state workforce agency.

(Small Business Tax News, 6/09)

Does Your Business Need an Estate Plan?

by Greg Gough, ChFC

For most business owners, their most valuable asset is their business. But too many business owners fail to have an estate plan that includes their business.

Some businesses can be sold, some can be passed on to others—employees, partners or family members. In such cases, there needs to be a way to liquidate your share for the benefit of you and your heirs. Another aspect of business estate planning is to protect the business from a principal's untimely death or disability, so that it can continue to operate and provide income until a successor is in place.

An estate plan for your business can:

- Establish a business continuation plan that can help provide for you and your heirs.
- Meet your objectives for asset distribution.
- Reduce estate taxes.

If your business is a sole proprietorship or general partnership, it passes into the owner's estate upon death; any debts become debts of the estate and income becomes an asset of the estate. Upon the death of one partner, the business is typically dissolved.

Corporations are distinct from the people who own their stock. If a share-

holder disposes of stock or dies, the corporation continues to function independently. Company stock that is owned by the deceased is included in their estate.

A little planning today could go a long way in helping alleviate asset distribution headaches for you, your heirs and partners. Creating a proper estate plan requires input from trained legal, tax and financial professionals.

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Criser, Gough & Parrish, LLC

9415 E. Harry, Ste. 602

Wichita, KS 67207

Phone: (316) 685-1040

Fax: (316) 687-5590

Website: www.crisergoughparrish.com

Little Known Tax Credit for Small Business

By Barbara Weltman

Did you know that you can claim a tax credit for setting up a qualified retirement plan, such as a 401(k) plan, for your business? The credit is 50% of eligible costs for starting a plan, for a top credit of \$500.

The credit can be claimed each year for the first three years in which the plan is in effect. Or, instead of claiming the credit for the first year, you can opt to claim it for expenses incurred in the year prior to the effective date of the plan.

Eligible costs include administrative fees and costs for educating employees about the plan and participation in it. Since only the first \$1,000 of expenses is taken into account in figuring the credit, any expenses in excess of \$1,000 can be

deducted as an ordinary and necessary business expense.

The credit applies only to small businesses (no more than 100 employees who received at least \$5,000 in compensation in the prior year).

Catch: The plan must cover at least one employee who is not a “highly-compensated employee” (including an owner). Thus, a self-employed person with no employees who sets up a solo 401(k) plan can’t claim the credit.

(<http://www.barbaraweltman.com/blog>, 3/11/09)

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Criser, Gough & Parrish, LLC

Penny Rader, Editor

9415 E. Harry, Ste. 602

Wichita, KS 67207

Return Service Requested

Phone: 316-685-1040

Fax: 316-687-5590

Website: www.crisergoughparrish.com
