

# Broad & Cassel – NCS Presentation



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# About M&A CPAs

Founded 1972

Provide Full Service – Accounting, Tax,  
Consulting Services.

Focuses On High Technology, Simulation, Bio-  
Technology, Automotive,  
Construction/Manufacturing Businesses



# Develop Your Business

## Five Biggest Mistakes By Business Owners:

1. Lack of Internal Controls
2. Systemic Approach To Operations
3. Proper Team Development & Relationships (CPA, Attorney, Banking, etc.)
4. Focus on 500 Foot View Rather Than 30,000 Foot View.
5. Planning For Exit Strategy.

# Business Tax Changes

- Qualified Production Activity Credit
- Research & Development Credit
- Expiring 50% bonus first-year depreciation.
- Increased vehicle depreciation of \$7,650
- Increased vehicle and Section 179 expensing
- Capital gains tax rates
- Qualified dividends tax rates
- Various pension and retirement plan allowances
- Qualified Small Business Stock exclusion and built in gains for S Corporations.
- New 1099 requirements for all payments.
- Self-employment tax for S Corp and Partnership distributions.

# Capital Gains/Losses

- Current rate starts at 5.0% up to 15% for long-term capital gains
- Expiration could raise the rate to 20%.
- Short term rates would increase from your current marginal rate to the new marginal rate. 5.0% to 15.0%, 33.0% to 35.0% and 35.0% to 39.6%.
- Qualified Dividend Income Tax Rate
- Current qualified dividend tax rate at as low as 5.0% up to 15.0% for all stocks held more than 60 days. All other stocks maximum rate of 35%. Used to encourage growth & investment in US based companies.
- Expiring rates would raise the current qualified rate to 20% and other dividends to 39.6%.

# Estate & Gift Taxes

- Currently 0.0%
- 2009 we had maximum 45.0% rate with a \$3.5 million exemption
- 2011 could have maximum rate of 55.0% with only \$1 million exemption.
- Gift tax rate is a maximum of your marginal tax rate or 35.0% whichever is higher.
- 2011 maximum rate will go to 55.0% with the expiration of the Bush Tax Cuts.
- Generation skipping taxes will also make a return.

# Business Planning

- Take advantage of Section 179 and accelerated depreciation (50% bonus depreciation) rules.
- Make dividend distributions to shareholders
- Attempt to accelerate income to 2010
- Defer expenses until 2011
- Take advantage of R&D credits and Qualified Production Activity Credit.
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# Individual Planning

- Take bonuses and accelerate income
- Defer deductions to next year (last mortgage payment, real estate taxes, charitable contributions, health care costs, etc.). Beware of AMT if this planning technique is used.
- Close out any transactions with capital gains prior to year end
- Wait until 2011 to take losses.
- Accelerate dividends from closely held corporations
- Make contributions to your retirement plans in 2011
- Consider gifting of appreciated property (homes, stock, closely held family business ownership interests)



# Estate & Gift Planning

- Consider expiring in 2010 along with the tax cuts (zero estate taxes in 2010, maximum of 55.0% in 2011).
- Alternatively, consider proper trust planning with action dates as close to the end of 2010 as possible.
- Plan for major gifts to family by end of 2010. Gifts up to \$13,000 per person per gift are not taxable. Inter-vivos gifts between spouses are not taxable.
- Gifts exceeding limits are taxed at 35.0%.
- Gifts to 529 educational savings plans.
- Gifts to Health Savings Accounts (HAS's).
- Home purchases, vehicles, children's living expenses, etc.

**Plan Early & Plan Often**



# MARTINEZ & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS