

# The End is Near

## Turning year-end panic into year-end peace

I know the last thing on your mind right now is taxes and year-end planning, and I would love for it to stay that way. However, all too often many business owners have been thinking of everything but year-end planning and then they call me on December 29th and ask me if they should purchase something because they have money in their bank account, and want to avoid being taxed on it.

First, let me assure you the amount you will be taxed on is relatively unrelated to the amount of money in your bank account. The IRS relies on profit which you can have without having money in your bank account. Secondly, purchasing something at year-end just to avoid taxes can lead to serious consequences later in your business. You should only purchase something if your business needs it.

Remember the Section 179 rule change mid-year in 2004 when it went up to \$125,000 and everyone went out and bought Hummers? Well, those Hummers cost a lot of money and once they were written off under Section 179, the business owner could no longer take depreciation annually and the monthly payment was not deductible all by itself. Even if you are leasing your vehicle, you do not get to take the entire payment amount as a deduction.

Finally, Section 179 applies to profits the business has. If the business does not have enough profit to take the entire Section 179 deduction, then it can be carried forward. But the past is no guarantee of the future, and your business might not have profits enough to take the entire deduction again and it could eventually be lost all together.

So, the first thing you should do when



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you are looking at your year-end tax planning is find out if all of your payables, checks and sales are entered into your accounting software. You'll then need to run a Profit/Loss report based on the type of reporting you have (cash or accrual) and look at your net income line. From this point, you can see if you've got a large "income" number. If you do, you might need to call your CPA and ask them to take a look at it for you. You may not put your depreciation in until year-end and that could affect the numbers. You'll want to make sure any uncollectible revenues are written off at the year's end to keep from being taxed on them.

The last thing you'll want to do is go over your general ledger and make sure that all of your payments are accounted for. By that I mean, if you have an electric bill every month, it is in the right account and you can see one for each month. You know better than anyone what monthly bills you pay, so you should be able to "eye-ball" it pretty quickly and tell if everything is in.

Finally, remember that having income and paying taxes is not anyone's most favorite thing to do, but it is a necessity if you ever want to sell your business or get a loan for improvements. Don't shoot yourself in the foot by spending all of your profit just so you don't have to pay taxes.

*Tonetta Weaver is the founder and owner of Phoenix-based TM Accounting Services, LLC, specializing in accounting services for small businesses. Visit [www.tm-accounting.com](http://www.tm-accounting.com).*

## Vintage Gifts

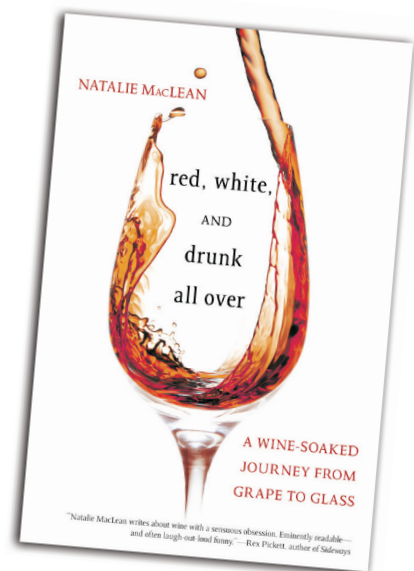
A WINE EXPERT'S GIFT  
SUGGESTIONS FOR WINE LOVERS

By **Natalie MacLean**

One of the easiest people to buy for on your list this year is the wine lover. There seems to be no end to the wine books, videos, gadgets and accessories that pour on to the market each year. Even the budding oenophile will appreciate these gifts. The books can be purchased from most major bookstores across the country, while the accessories can be found in specialty wine stores and online. In addition to these selections, most of the provincial liquor stores offer special gift packages for the holidays.

The opinionated British wine critic, Oz Clarke, keeps his prose lively, deftly sidestepping the dense and deadly category into which wine resource books often fall. His *Pocket Wine Guide 2007* is essential whether you are dining in or out. In it, you will find most wines on the market rated and described, as well as a barrel full of useful information. The pocket guide is \$14.

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You can also give my new book as another perfect gift: *Red, White, and Drunk All Over*.

