

IN THE BLACK

Volume 8, Edition 2

Fall 2009

BRUCE A. RUKKILA, CPA, PC
CERTIFIED PUBLIC ACCOUNTANTS

What We Offer You:

Auditing

- √ Governmental
- √ Nonprofit
- √ Private

Tax Planning & Preparation

- √ Individual
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- √ Trust & Estate
- √ Pension & Profit Sharing
- √ Property & Excise Taxes
- √ Nonprofit

Accounting Services

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- √ General Ledger
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QuickBooks® and Creative Bookkeeping Solution Consulting

- √ Set up
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- √ Business Valuations
- √ Financial Reorganizations
- √ Human Resource & Benefit Consulting
- √ Business Plan Development
- √ Personal Financial Statements
- √ Financial Projections & Forecasts

The goal of our newsletter is to share information and tips that are relevant to you and your business.

If you have questions or suggestions for us, please e-mail Wendy at help@brucerukkila.com or give us a call at (906) 482-6601.

Direct Deposit is Simple, Safe & Smart

We are now offering a new payroll check Direct Deposit service for your convenience.

Why Direct Deposit?

1. **Peace of Mind**-You don't have to worry about mail delays or having your employee paychecks lost or stolen.
2. **Prompt Payment**-Deposits will be credited on the pay date.
3. **Convenience**-Avoid special trips to pick up and/or deposit paychecks.
4. **Freedom**-Your paychecks will automatically be deposited into your employee's accounts, whether you or your employee are on vacation, traveling or ill.
5. **Cost Savings**-The financial institution fees for direct deposit range from \$15 to \$60 per month, plus ACH per item fees. Our monthly Direct Deposit fee will be \$15 plus \$0.15 fee ACH per item. Direct Deposit reduces the cost of purchasing check stock, envelopes, postage and most importantly, your time.
6. **Think Green**-Paper consumption is reduced. Less trips to pick up payroll, saves gas and reduces pollution.

For a quote please call Angel at (906) 482-6601 ext. 24 or e-mail her at angel@brucerukkila.com.

Simple, Safe & Smart

Please visit our website at: www.brucerukkila.com

Making Work Pay Tax Credit

Taxpayers who fall into any of the following groups should review their tax withholding to ensure enough tax is being withheld. Those who should pay particular attention to their withholding include:

- Married couples with two incomes
- Individuals with multiple jobs
- Dependents
- Pensioners
- Social Security recipients who also work
- Workers without valid Social Security numbers

Having too little tax withheld could result in potentially smaller refunds or a balance due with penalties and interest rather than an expected refund.

For more information please go to: www.irs.gov.

Federal Minimum Wage Increase Pushed Up Michigan's Sub-Minimum Wage

When the federal minimum wage climbed to \$7.25 an hour on July 24, it also boosted Michigan's sub-minimum wage, which was \$6.55 an hour to \$7.25 an hour.

Where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wage rates.

Michigan's sub-minimum wage is for those under 18 years of age and equals 85 percent of the state's adult minimum wage but cannot be lower than the federal minimum

wage. According to federal estimates, about 2,000 Michigan workers, on average, had wages at the federal minimum wage level in 2008.

Although the federal minimum wage will increase, Michigan's minimum wage will still be higher at \$7.40 an hour. The Wage & Hour Division is an agency within the Michigan Department of Energy, Labor & Economic Growth.

For more information please go to: www.michigan.gov.

Eight Important Questions for Hobbyists

Hobbies — such as woodworking, stamp collecting and scrapbooking are often done for pleasure, but can result in a profit. If your hobbies do make a profit every year or so, there may be tax implications. You must report income to the IRS from almost all sources, including hobbies. Here are eight questions that will help determine if your activity is a hobby or a business.

1. **Is the purpose of your activity to make a profit?** Generally, your activity is considered a business if it is carried on with the reasonable expectation of earning a profit.
2. **Do you participate in your activity just for fun?** Hobbies are those activities that are not pursued for profit.
3. **Do you depend on income from the activity?** If so, your activity is likely considered a business.
4. **Have you changed methods of operation to improve profitability?** If so, your hobby may be a business.
5. **Do you have the knowledge needed to carry on the activity as a successful business?** People who carry out hobbies just for fun, often don't have the business acumen to turn their hobby into a profitable business.
6. **Have you made a profit in similar activities in the past?** This may indicate your activity is a business rather than hobby. An activity is presumed carried on for profit if it makes a profit in at least three of the last five tax years, including the current year – or at least two of the last seven years for activities that consist primarily of breeding, showing, training or racing horses.
7. **Does the activity make a profit in some years?** Even if your activity does not make a profit every year, it still may be considered a business.
8. **Do you expect to make a profit in the future from the appreciation of assets used in the activity?** This indicates your activity may be a business rather than a hobby.

If your activity is not carried on for profit, allowable deductions cannot exceed the gross receipts for the activity. If you are conducting a trade or business you may deduct your ordinary and necessary expenses.

More information about not-for-profit activities is available in Publication 535, Business Expenses, available on the IRS.gov Web site or by calling 800-TAX-FORM (800-829-3676).

Succession Planning – A Must

If you own and take pride in a profitable, growing small business that provides a good lifestyle for you and your family, by all accounts this makes you a success. Congratulations!

Despite all these positive things, your business may be failing you in an unexpected way. Are you measuring success by how well the business operates under your ownership and direction? If so, you must also consider measuring the success of your business by what it will provide for you when you leave it. What you will want and need from your business is the ability to leave under favorable conditions and realize the maximum value.

One of the certainties in business is that some day you will leave it. To leave your business successfully, you need to create a succession plan and stick to the plan as long as you maintain your business. Succession planning, as opposed to conventional business planning, is often not addressed soon enough, if at all, resulting in business owners leaving their business under unfavorable conditions.

Succession planning is not based on business needs as much as it is on the goals your business must achieve before you can leave under your terms. Planning objectives should include the following four areas:

Tea & Taxes

Lucinda Enderby, CPA
Trust & Estate Tax Manager

Invites you to an informal, interactive discussion of current trends and issues in Estate & Trust Taxation

Fall Discussion Series

Dates: Topics:

October 20	To Roth or not to Roth and other IRA issues
November 17	Year-End Tax Planning Issues
December 15	Washington Year-End Tax Update

Time & Place

3:00 p.m.
Four Seasons Tea Room
606 Shelden Avenue, Houghton, MI

R.S.V.P. Wendy at 482-6601 ext. 0

1. Planning for you as an owner (owner-based goals),
2. Creating and preserving business value,
3. Transferring ownership and control successfully, and
4. Making sure personal and family needs are met.

Consider forming an advisory team to include your attorney, accountant, and an insurance or financial advisor. In this context, these professionals are not called upon to increase sales, lower your production costs, or even help you become a better manager. Rather, they are resources to help you attain your succession planning objectives.

A succession plan should be used to dovetail ownership transfer events (e.g. death, retirement) and valuation and provisions for payment. You should combine ownership planning with personal financial planning to assure your desired level of financial security. Without financial security you may never be able to leave your business. Finally, include estate planning as part of your overall ownership and family financial planning in case you depart from this earth unexpectedly.

Succession planning a must!
The sooner you start the sooner you will finish.

Please visit our website at: www.brucerukkila.com

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Who We Are and How to Reach Us...

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TEMP-RETURN SERVICE REQUESTED