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ARE YOU READY FOR SOCIAL MEDIA?

You may think that social media (SM) involves only cryptic messages and diatribes about what you had for breakfast, but if you're a small business owner, that line of thought may have you missing the mark with your customers. Before you run to your computer and sign up for every social media avatar out there, stop and take a good hard look at your brand. So many small businesses jump into SM before they've developed a plan and integrated the tools with their existing marketing. Then they wonder why social media just doesn't work for them.

First, Know Your Brand

Let me first share with you a little secret that I like to share with my audiences when I'm speaking about social media. It is something so sacrosanct that you won't believe your eyes when you first read it. Your brand is not just your logo. There, it's out there for all the world to read. Small businesses are so proud of the company and the logo they've created that they sometimes don't see the bigger picture. A brand encompasses everything about an organization. Most importantly, the brand is a projection of your customer's perception about your organization. From the moment a consumer comes into contact with your organization they are making subconscious judgments about your brand. For bricks and mortar businesses, that experience can begin from the parking lot or even via the customer service phone line.

Picture This Consumer Experience:

Suzie Friedman is a mother of two boys. She's working as a fashion buyer for a major brand and is having a typically frantic afternoon rushing to squeeze in a few errands before picking up her boys from school. The garbage disposal exploded in her kitchen just before she left for work, so she is running into the local home improvement store to buy a new one. She pulls into the parking lot only to find carts strewn in the parking lot making it impossible to pull into an open spot.

As she hurries into the store she is faced with a sea of choices; lighting, electrical, paint, lumber, plumbing, power tools and gardening. Finding her way to the right section is taking precious moments off of her afternoon.

Halfway through the store, she still has not found the garbage disposals. There isn't a worker to be found. Frustration begins to mount as Suzie checks her watch and realizes that she only has another 30 minutes before her boys are out of school. Amid the PVC piping and gaskets, Suzie cranes her neck up the nearly 20-foot of shelving. No garbage disposals or even anything that looks like it might go with a disposal. As she spies a help box, Suzie is relieved. "Help is just a call away!," she thinks. She presses the button and an automated voice rings out over the loud speaker, "Customer assistance needed in plumbing. Customer assistance needed in plumbing. Who is responding?" Now Suzie feels like a spectacle, but she doesn't care as long as someone comes to help. Silence. Silence. Silence. A person dressed in

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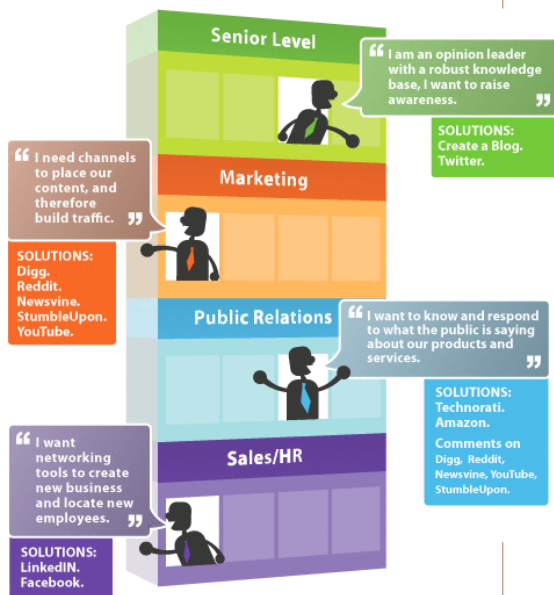
HIGHLIGHTS FOR OCTOBER 2010:

- 15** File individual tax returns if you have an automatic six-month extension.

a worker's apron appears around the corner with a warm friendly smile on his face. "How can I help you?" The rest of her interaction runs more smoothly. The employee walks Suzie to the Kitchen Renovation section where garbage disposals are kept, helps her select the right model, and sends her on her way to the register.

While this experience is all too typical, there are definite steps that could have enhanced Suzie's experience and left her feeling elated about the brand. First, the parking lot could have been more organized. Second, there could have been a greeter at the front entrance to help guide Suzie to exactly the item she needed. Third, if a greeter was not in the store's budget, the store could have provided a directory (either printed or electronic) where Suzie could have quickly located what she needed.

Building a Company with Social Media



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No more than the pretty face you've put on your business' front window or the 15' tall sign at the road side, your brand encompasses everything about your organization across all platforms and most importantly – how your customers perceive your organization. Now, perception is a funny thing, because it's unique to each person. Everyone has their own way of looking at the world. Each day the average person is confronted with over 3,000 brands every day. So my question to you is, how are you making your brand stand out from all that noise? Is your brand spectacular? Is it tight across all marketing communications strategies? Are all of the components of your marketing communications strategy in place and working well together?

Don't Panic - Let's Break It Down.

We've already said that a brand encompasses more than just your logo. What else do you have?

- 1. Products and Services** – Are your offerings the best possible quality? Are consumers getting a good value for their money? Remember that value doesn't necessarily translate into 'inexpensive' or 'low cost'. SAAB owners are a loyal bunch. They believe they are getting a high quality performance vehicle for the sticker price. The value is perceived.
- 2. Customer Service** – Do your employees go above and beyond to meet your customer's expectations and better yet, exceed them? To best understand what these expectations are, you must ASK your customers. Do this via survey tools and even one-on-one conversation at the cash register. For technology products, a user group meeting is a great way to bring clients together, talk about the product and gain important feedback.
- 3. Communication** – There are many roads to customer communications but a few of the best are face to face and telephonic. For new product announcements and other product/service related news, mail both electronic and U.S. postal service varieties are good. Above all, remember that communication is a two-way street, so provide opportunities for your customers to talk to you.
- 4. Advertising** – Are you having your ads professionally designed? If you are going to invest in paid advertising, it's important that the message be on target and consistent. Avoid letting local papers design ads for you. Rather, have a graphic designer create ads that you can provide to multiple publications.
- 5. Web** – Your business' online store front is the second most important priority in your overall branding effort. After the initial look and feel of the organization is determined, building a strong web site will professionally portray your brand to online consumers. Remember that the web site is often the FIRST interaction of your brand with a potential customer. If it's outdated, has broken links or poor navigation, you'll lose consumers and never know why.

"Your website is the hub of all your marketing efforts," says Len Printz, cofounder of Siphon Marketing. "All forms of advertising should be driving people to your site. From the web site you can encourage an action that YOU want. Do you want the prospect to pick up the phone? Order a free sample? Fill out an application? Whatever action you want

your prospects to take is determined by how well your web site works." Step back and view your web site from a consumer prospective. What are they seeing when they get to your site? If the site does not properly represent your company, all your marketing efforts can be for nothing!

The web site should also be fully optimized in order to increase its presence on search engines. This process is called search engine optimization (SEO) and will be covered more fully in the next installment of this article series.

- 6. Social media** – While almost all social media tools are free that doesn't mean that they don't have an attached cost in your marketing budgets. To successfully integrate social media into your existing marketing efforts, it's important to realize that you'll need a logical strategy including which tools will be most appropriate for your organization to talk with consumers and interested parties. You'll also need at least one company representative designated to manage and 'speak' for the organization in the various platforms. The greatest strength of social media is that it is highly interactive and personal. People using social media are not looking to interact with a generic Autobot that responds with predetermined messages. Consumers are not looking to be sold things, but rather gain new insights about the products, services, causes and topics in which they have an interest. Users of social media want authentic conversations with decision makers and thought leaders. As an organization you need to consider what would be interesting or useful for your consumers and then provide ways for your followers to gain a closer more personal relationship with your brand.

Entering the social media arena isn't difficult, but to do it well and with a well-integrated brand effort, it takes planning and solid execution. Take the pieces of social media that will work best for your audience and incorporate them into your existing marketing strategy. Balance your online presence and brand equity and the consumers you bring in will not only sustain your business, but help take it to the next level. ♦

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We Answer Your Questions

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Q1. I am one of two S 50% corporation shareholders (unrelated to the other 50% shareholder). I loaned \$20,000 to the S corporation some time ago. I have used \$10,000 of the loan basis to claim losses and there has not been any repayment of the loan in the past. If the S corporation repays \$5,000 of the loan, do I have to recognize the entire repayment as income?

A1. When basis in loans has been used to claim losses from an S corporation and the loan is repaid before basis is fully restored, a pro-rata portion of every dollar repaid is taxable. If the loan is evidenced by a note, the gain is capital gain. If the loan is an open account, the gain is ordinary income. With 50% of the loan basis used to take losses, 50% of the repayment (\$2,500) will be taxable gain. The other 50% of the repayment will reduce basis in the loan (leaving you with a loan balance of \$15,000 and a loan basis of \$7,500).

Q2. I claim my daughter as a dependent (She lives at our home, I provide more than ½ of her support and she is under age 24 and a full time college student). She does work during the summer to save money to use at college and has paid some of her tuition. Do I have to subtract the payments she made in calculating the amount eligible for the American Opportunity Credit?

A2. No, you may use the amounts paid by your daughter to claim an education credit. If payments were made by a third party (such as grandparents) for her tuition or other qualified expenses (course materials, a computer if needed

Tax Tips

for enrollment or attendance at the institution and activity fees paid as a condition of enrollment are examples), those payments also may be claimed by the parent in calculation of the education credit.

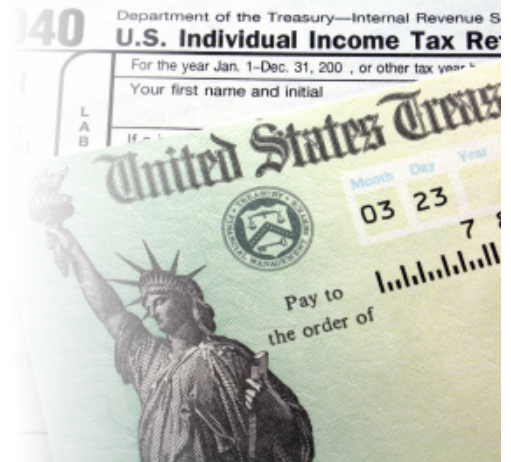
Q3. I want to give a rental property to my daughter. It has a current market value of \$280,000. The current mortgage on the property is \$280,000 and my adjusted basis is \$100,000. My daughter will assume my mortgage as part of the transfer. Do I have any gift or income tax issues?

A3. You do not have a gift tax issue as the amount of the debt assumed is equal to the value of the property. You do have an income tax issue. As the amount of the mortgage your daughter is assuming is in excess of your adjusted basis, your daughter is considered to have purchased the property for the amount of the mortgage (\$280,000) and you will have gain to the extent the mortgage assumed by your daughter is in excess of your \$100,000 adjusted basis (\$180,000). You will be subject to Section 1250 depreciation recapture (taxed at a rate up to 25%) to the extent of depreciation on the property allowed or allowable and any excess gain will be capital gain.

Q4. I have a grantor trust I established several years ago to hold my property (to avoid probate). I have never filed a Form 1041 for the trust. I just sold a rental property. Do I have to file a Form 1041?

A4. No, you report the sale on your Form 1040. Even though you established a trust, a grantor-type trust is considered a disregarded entity for tax purposes. If the trust received a Form 1099 with regard to the house sale, you should include a statement with your individual return noting that the sale of the property was made by a grantor-type trust held for your benefit and all items of income, loss and deduction associated with the trust (indicate the name and federal EIN) are reported on your individual return.

Q5. I am a US citizen, but I own a rental property in Greece. I report and pay tax in Greece. Do I really have to report the rental in the US, too?



A5. As a US citizen you are responsible for reporting worldwide income. The rental of the property in Greece is subject to US reporting. As the real property is located outside the US, it is depreciated for US tax purposes over 45 years. The tax paid to Greece may be claimed as a deduction or foreign tax credit may be taken on your US income tax return.

Q6. I married last year. My new husband has some prior federal tax debts that resulted from a failed business. Those debts arose several years before we met. I expect a refund of my taxes. Is there anything we can do to protect my refund from being taken by IRS?

A6. Yes, in preparing your return we can do an injured spouse allocation on Form 8379. It may be filed with your tax return and allows for a calculation of the tax that applies to your income and given your withholding provides for a refund, a recovery of that refund free from IRS seizure due to the tax debt of your new husband.

Q7. I have just received a proposal to put my business in a trust. The intent is to reduce or eliminate the tax that is paid relative to the business. There is also some mention of putting my personal residence in a trust to allow more deductions. Is there anything to these offers?

A7. IRS has issued warnings with regard to abusive trusts. The proposals you outline would appear to fall in the "abusive" category, especially where a promise is made to allow deductions for personal expenses not otherwise deductible. I would suggest that you request to see any IRS Private Letter Rulings obtained for the trusts and you let our Tax Department review the trust document for tax issues.

Q8. I am the sole shareholder of an S corporation that operates a retail store. I am negotiating the sale of the corporation. The corporation will sell all of its assets, including goodwill. I started from scratch as an S corporation. Since the goodwill is being sold by a corporation, is any gain ordinary income?

A8. The general answer to your question is "No". The sale of goodwill that has not been amortized will generate capital gain. Given the business has been operated for more than 12 months, the gain on the sale of the goodwill will be long term capital gain and will pass through to you as such.

Q9. I am a dentist and operate my practice out of a regular corporation. I am getting ready to retire and will likely sell all of my assets. Will the sale of goodwill create a double tax?

A9. If there is a non-compete agreement with the corporation, courts have held that the corporation owns the goodwill. If there is NOT a non-compete agreement, courts have held that the goodwill associated with a patient list abides with the employee and the goodwill associated with that list belongs to the employee and may be sold by the employee (separate from the corporation). As long as you do not have a non-compete in place with the corporation you may sell your client list (goodwill) yourself. The sale will generate capital gain to you (as you did not amortize the goodwill) and will not be taxed to the corporation. You should make sure the sales agreement specifically notes that the sale of the patient list (goodwill) is being made by you, personally and you sign that part of the agreement individually.

Q10. My father passed away early this year. He put his income producing assets (several investment accounts and a rental property) in a revocable trust. It converted to a complex trust on his death. Once the attorney's fees, appraisal fees and other trust administrative expenses are tallied, the trust will likely have a net loss for the year even though dividend and interest income will likely be about \$800. Do I still have to file Form 1041?

A10. If the trust has more than \$600 of gross income for the year or has any taxable income, a trust return is required.



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