

Summer 2010

Small Business Lending Slowing Down

The stimulus money from Obama's Recovery Act passed in early 2009 has finally run out. In the past, congress allocated additional money when funds ran dry in the government's small business lending program which backs bank loans to insure against default. This time however, they didn't.

Effects were immediate. In April and May, the SBA processed 800 to 1200 loans a week; they have backed almost \$3 billion in the last three months. Between May 21st to the 31st, over two thousand loans were processed as funding ran out. But as soon as the money dried up, so did the lending. In the following week, less than five hundred loans were processed, and only 328 loans were processed in the period of 6/4 to 6/11. Should congress approve another extension and expansion of the stimulus money, the SBA currently has 419 interested borrowers on the Recovery Act Queue requesting more than \$123 million.

On a positive note, Chase has some good news for business owners by offering discounts on new or increased existing credit lines for each new employee the company hires. Moreover, businesses who are Chase checking customers get additional discounts. As an added bonus, these new discounts will remain in place for the life of the loan. Small businesses with less than \$10 million in revenues are eligible for the discounts.



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Tax Breaks for New Hires

A new bill signed by Obama may not meet the initial expectations of some lawmakers, but it does offer business owners a number of incentives. Employers will now receive two tax breaks for hiring qualifying new workers in 2010. For any new worker who was unemployed for 60 days before being hired, employers will be exempt from paying the Social Security taxes of the worker's wages; workers will still be responsible for their share of Social Security taxes. Additionally business who retain qualifying new hires for a full year will be able to claim a tax credit of up to \$1000 for each new hire on their 2011 tax return. Companies can claim this credit for an unlimited number of workers. Qualifying new employees will need to fill out a W-11.

Mid Year Tax Check Ups

2010 is more than half over and there is still time for you to make smart decisions to help relieve some tax-related stress next April. An estimated tax analysis will help you assess your situation if you:

- retired in 2009 or 2010
- are self-employed
- received unusual income in the last six months (Ex: from investments or a bonus)
- have or about to realize larger capital gains
- changed or lost a job
- Are over 70 years old and took a required distribution from a retirement account.

Once you complete your mid-year tax analysis, you and your accountant can revise your tax strategy and make new decisions on what you need to do, such as submitting a new W-4 to your employer and either reduce or increase the number of exemptions.

Gifford & Woss Accounting Services is offering a 20% discount for new clients who come in for a mid-year tax check up this summer.

Let us help you plan a stress-free tax season!

Reminders



- Sales Tax is due on the 20th!
- Minimum wage is now \$7.25.
- Quarterly Reports are due 7/31

Liability Responsibility: Company Credit Cards

After a company closes its doors, its employees can be held liable for unpaid balances on their company credit cards. Depending on the member services agreement, the card issuer can pursue both the company officer or director who first opened the account and the employee who charged on it simultaneously. While the master cardholder is responsible for all unpaid balances, employees can be held liable for their charges.

Employees pursued by the card issuer who were not reimbursed for legitimate business expenses could have a claim against their employer; however if a company is already dissolving, those employees looking to be reimbursed could well be entering an already long line of creditors. Negotiations with the card issuer are possible to protect employees from this liability. So protect yourself now and review the details of your agreement.