TAX BILL: Holding It Down

Careful Review of Your Tax Exposure Can Assure Paying Out No More Than Your Own Fair Share

by Thelma L. Fair

"W e expect no one to pay more than his fair share of taxes," is a statement we keep hearing from tax officials. It's worth paying attention to even though none ever seem to offer suggestions on how the contractor can hold down his own tax bill toward doing just that.

This is another one of those things he has to work out for himself. There are a lot of steps he can take. Here are a number in wide use today:

- Make no major money move without consulting a tax expert if the step enters into an area within which you have no past experience. Shun well meaning friends advice for they usually know less about it than you do.
- There's a fee involved, of course, but it is inexpensive insurance against your doing something where tax obligations involved could easily destroy the benefits you are after.
- Subscribe to a good tax information service to keep you aware of what is going on in this area. There are scores of them available. Check with your favorite bank officer for names of the ones that he uses.
  Highly complicated ones are the most expensive. They enter into areas which you probably will never need so don't go by that alone in making a choice.
- Constantly improve upon your bookkeeping and accounting procedures and keep in mind while doing so that one of your objectives is to reduce your tax load. More tax dollars are spent by the average contracting business through carelessness in record keeping than anything else.
  Many of your tax obligations are established by what these records produce. Carelessness in their use assures the paying of more taxes than you should be expending.
- See to it that valuations on your property upon which certain taxes are based, are consistently in line with those of others in your area. What was a fair assessment five years ago could have changed entirely today.
  It is something you have to do for yourself. There will be no help forthcoming from the involved government officials. And when you find something out of line then fight against it with every resource at your command.

(Continued on Page 22)

March, 1977
TAX BILL:
(Continued from Page 9)

- Stick to your guns when you’re handed an additional tax bill you honestly believe to be unfair. Too many business men pay such assessments in the belief that fighting them would cost more than the sum involved. Often a mere protest and explanation of your points will be all that is needed to straighten things out. Most taxing systems have built in systems to handle these situations. Even where legal costs may be involved the expense can be justified in holding off future or additional erroneous assessments.

- Manage your personal investments with tax considerations as a guide line to what, you are doing. Your broker has valuable advice to give for the asking when you make your moves.

It is easy indeed to see a planned benefit completely wiped out by taxes unless such a guide line is followed. This rule has equal application to the investments or capital expenditures you make in your business.

- Avoid those tax penalties at all costs. Some times they can needlessly double the size of the check you write. Knowing about them in detail is the best assurance against overlooking something or making a costly mistake.

Even where you believe an error has been made in the tax bill pay the amount of the charge under protest and then launch your fight against it. Penalties are always fixed to dates and no action on your part can change this.

- Have those tax factors in mind every time you take an administrative step in your business. Should you be building a new office layout one spot may offer advantages over another, for example, but the application of authoritative tax data to each may reveal the other to be a better step in the long run. Such taxes are never a one time experience but go on year after year. The same approach applies in buying of equipment with the depreciation element in mind. Every move of this nature calls for a good tax look before any step is taken.

  - How many times are excise taxes applied to the equipment and supplies you purchase for use in your business? A great deal oftener than you imagine if you have never checked up on these items.

  The amount of those taxes, when added together over a year, may be sufficient to justify changes in the purchases involved if you know about them.

  - Question every tax statement that you receive. Don’t just, pay them. Errors can be made in transposing figures from records to statements. People and machines are just as prone to error in calculations within those tax offices as

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they are in your own business. And pay attention to the rates used therein while figuring your taxes; it is entirely possible for some one in the tax office to have erred in this area.

- Stay clear of getting into shady areas which approach tax cheating or evasion even if they do not actually step therein. These are poor ways of holding down your tax bill for they invariably increase it in the long run. Besides, it fosters a wrong mental approach to solving the whole problem.

- Questionable tax experts are also to be avoided. Few have any real knowledge of the subject. The chief commodity they offer is a bag of shady tricks whose use ultimately winds up in disaster for the client.

- Estimating something is a costly procedure where taxes are in any way involved with the data that results. In all probability you will come up with amounts beyond your actual obligations simply by

  protecting yourself with a safe margin for error.

Accurate data of all kinds with respect to your business is the safest assist toward holding down your tax bills. It is also vital to the most efficient methods in operation of the business itself. Say “No” when ever the temptation arises to exercise guesswork. It is invariably less expensive to develop that data completely.

- When was the last time you voiced opposition to a new tax spending program in your local area? The people advocating these are always present; those opposing often absent. Yet the surest way to hold down your tax bills is to help reduce the amount of this, spending in your area.

You can’t take the time to be present at all of them, of course, but you can lend your support to the groups and agencies that regularly combat tax dollar waste. And you can profitably take time out to make a personal protest now and then.

Valuable as the foregoing action may be the individual contractors best chance for holding down his tax bills rests in the respective: steps he takes toward doing so day-after-day in his business life.

The foregoing suggestions are taken from actual experience that has worked for others. Used in your own efforts they can be equally productive.

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