

# Hey Taxman!



**A**pril 15<sup>th</sup> has come and gone, but it's never too early to start thinking about next year's tax season. And with the stimulus bill signed into law by President Barack Obama on Feb. 17, most Americans will notice some differences in what they may or may not owe Uncle Sam next year.

While President Obama has vowed not to increase taxes for families making less than \$250,000 a year, the roughly three million high-earning U.S. families and businesses may not be so lucky.

According to the results of *Water Quality Products'* annual State of the Industry survey conducted last fall, the average company gross

sales of readers who responded to the survey was \$3 million in 2008, with 16% of the respondents reporting sales in excess of \$10 million.

So as the owner of a water dealership that may bring in more than \$250,000 in a year after overhead costs, where will this leave you when it comes time to file your taxes in the coming years?

This may conjure memories of Samuel Joseph Wurzelbacher—also known as Joe the Plumber—who briefly grabbed the nation's attention when he confronted then-presidential-candidate Obama about how his tax plan would affect small businesses. Wurzelbacher was planning to purchase a company that makes \$250,000 to \$280,000 per year, and asked if he would get taxed more under Obama's tax plan. Obama responded that if his annual revenue is more than \$250,000, then yes, he would be taxed more—but not any more than he was taxed under the Clinton administration.

While it is possible you may be taxed more this coming year than you have in the past eight, there are key small business tax provisions included in the stimulus bill that can work to your advantage. According to the website [www.2009stimulusforbusiness.com](http://www.2009stimulusforbusiness.com), the following are areas of interest your small business may be able to take advantage of when filing taxes for 2009:

**Get a refund on previous returns.** If your small business had a net operating loss in 2008, you can carry the loss back over five years instead of the usual two. This means you can get a refund of taxes you paid in prior years.

**Fully deduct equipment purchases.** You can write off up to \$250,000 worth of the assets your small business purchases during 2008 and 2009. This allows you to immediately deduct most business equipment the year you buy it instead of depreciating its value over the course of several years, which had been the case in the past.

**Deduct 50% of new assets.** You can now write off 50% of assets that were purchased Jan. 1, 2008, through Dec. 31, 2009.

**Deduct more for new autos.** You can take a bigger depreciation deduction if you buy new passenger cars or light trucks for your business. Most vehicles, with the exceptions of large SUVs and pickups, are subject to auto depreciation limits. The new bonus depreciation extension now increases the maximum first-year depreciation deduction by \$8,000.

Nobody enjoys paying taxes but, unfortunately, it is one of those inevitable truths. Make sure you are aware of and educated on all aspects of new policies so that you can utilize these to your full advantage.

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## coming up next month

The July issue of *Water Quality Products* will feature commercial and industrial systems, a focus on connectors and accessories, membranes, ozone, WQA Forum and sales techniques. Be sure to visit [www.wqpmag.com](http://www.wqpmag.com) for daily industry news updates.