

Newsletter

**RIOLO
ROBERTS
& FREDDI, LLP**
CERTIFIED PUBLIC
ACCOUNTANTS

NOVEMBER 2009

CALL SOON FOR A YEAR-END TAX REVIEW

Time is running out on moves you can make to reduce your 2009 tax bill. Here are some actions to consider right now:

- ◆ Be sure to max out your 401(k) plan at work. This year you can sock away \$16,500 (\$22,000 if you're 50 or older).
- ◆ Establish a pension plan for your small business. You may qualify for a tax credit of up to \$500 in each of the plan's first three years.
- ◆ Plan year-end purchases of new or used business equipment to take full advantage of the higher expensing limit of \$250,000 for 2009. Purchases of new equipment (not used) can qualify for first-year 50% bonus depreciation.
- ◆ Get your investment records in order so you can make wise year-end sell decisions, either to rebalance your portfolio at the lowest tax cost or to offset gains and losses.
- ◆ Track down reinvested dividends for any stock sold in 2009. They'll add to your cost basis and reduce taxable gain or increase deductible loss on the sale.

An important part of our service to you is to help identify actions you can take before year-end to minimize your 2009 income tax bill. Accelerating deductions, delaying income, contributing to retirement plans, and taking investment losses are just a few of the strategies you might want to consider. There are also tax credits that require careful planning or they may be lost. If you'd like to discuss tax-cutting options that fit your particular situation, please contact us soon for a year-end planning review.

BEWARE OF MISLEADING SOLICITATIONS FOR BUSINESS FILINGS

California's Secretary of State has issued an advisory to California businesses warning of misleading solicitations encouraging the targeted business to comply with the California Corporations Code. According to this advisory, these bogus solicitations, although official in appearance, are sent by parties not affiliated with the California Secretary of State and have some of the following characteristics:

- ◆ Reference an "annual fee" or payment that is in excess of the Statement of Information filing fee.
- ◆ Provide an estimated processing time for "minutes" to be prepared and sent to the business.
- ◆ Imply that failure to return the form and requested fee may result in non-compliant status with the Secretary of State.

For further information on this issue, please visit the Secretary of State's website at www.sos.ca.gov/business/be/alert-misleading-solicitations. If you have received any solicitations that you feel may be of this sort, please feel free to call us.

Newsletter

**RIOLO
ROBERTS
& FREDDI, LLP**
CERTIFIED PUBLIC
ACCOUNTANTS

NOVEMBER 2009 - Page 2

TIPS FOR STARTING A NEW BUSINESS

If you recently lost your job or have always dreamed about being your own boss, you may be contemplating a new business venture. Naturally, this is a risky proposition, especially during these turbulent times. Here are some practical suggestions to help you succeed:

- ◆ Be realistic. Don't expect your business to be immediately successful. In fact, you should be prepared, both mentally and financially, for the worst-case scenario. Recent statistics from the Small Business Administration (SBA) show that about one-third of new business start-ups fail to make it through two years and over one-half fold after four years. Give your business time to grow and prosper.
- ◆ Minimize the risks. Even if you're encouraged by the initial results, don't tie your fortunes completely to this undertaking. If you're still gainfully employed somewhere else, keep the job and operate the new venture as a sideline business. If you're currently out of work, make sure you have some cash reserves to fall back on.
- ◆ Carve out a niche. Your business should fulfill a specific need that is difficult for chain stores or other broad-based businesses to meet. In other words, if you try to compete directly with the corporate giants, you're likely to lose.
- ◆ Choose the proper form of ownership. Depending on your circumstances, it may be best to operate the business as a C corporation, a partnership, an S corporation, a limited liability company (LLC), or a sole proprietorship.

Although you'll personally shoulder most of the burden, you're not alone. Call us for assistance with the issues related to starting a new business.

CREDIT CARD FRAUD ~ WILL YOU BE THE NEXT VICTIM?

Credit card fraud has been around since the advent of credit cards, but the thieves have advanced with technology. These new and sophisticated techniques range from phone scams and phishing to phony websites and spyware. Here are steps you can take to guard against fraud:

- ◆ Always review your bank and credit card statements to make sure the charges are legitimate. Notify issuers immediately of any unauthorized entries. Then consider changing your account number or canceling the card.
- ◆ Never give personal information to an unsolicited caller. Scammers can falsify names and numbers that appear on your caller ID. Look up the company's number to make sure it's legitimate; then call back if you wish.
- ◆ Protect your computer with a firewall, anti-virus software, and an anti-spyware program.

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation.

For further details on any article, please contact us.