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Tax Strategies for Businesses

New Accelerated Bonus Depreciation Rules

If you made capital investment purchases in 2008, then you need to be aware of this portion of the Economic Stimulus Act of 2008 (the Act), effective February 13, 2008. As part of this act, many types of capital investments made and placed in service in 2008 are eligible for a 50% bonus depreciation deduction in 2008.

The Act also increased the expensing limits under Section 179 for businesses to \$250,000 in 2008, which previously were only \$128,000. There is a limit to the total cost amount of the capital investment purchased (\$800,000 in 2008) where the entire Section 179 deduction can be taken. The Section 179 deduction begins to phase out dollar for dollar after \$800,000 of capital investment purchases.

As a final note, there are depreciation elections we can assist with in determining which election best suits your tax situation.

Hiring Your Child as an Employee

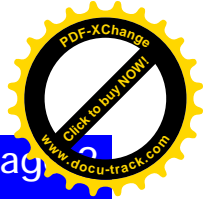
Wages paid to your child (under the age of 18) for legitimate services are a deductible expense for your business. Not only could the income to the child be taxed at a lower rate than the parent, but having your child as an employee could result in savings of self-employment taxes for self-employed individuals. A child could earn \$5,700 in 2009 and have a direct offset by the standard deduction of \$5,700 (2009 single individual standard deduction limit).

Contact us so that we may guide you through this process.

Cafeteria Plans for Health Benefits

Trying to reduce your employees' health benefit costs?

If your business offers health insurance benefits and you are looking to reduce employer payroll taxes, then maybe a cafeteria plan is right for you. Employees will be able to get a pre-tax deduction for insurance premiums that are deducted through a payroll deduction.



Cafeteria Plans for Health Benefits

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A flexible spending account, as part of the cafeteria plan, is another benefit for employees; whereby, employees can arrange for money to be set aside pre-tax and deducted from their paycheck to cover medical copayments and other out-of-pocket medical expenses.

Let us know any way we can help you determine whether this program is right for you.

Retirement Plans

Retirement plans can be tax advantageous to the business as well as to the employees. Contributions to a qualified retirement plan for you and the employees are deductible for the business. Listed below are a few of the plans available:

- 401(k) Plans
- Profit Sharing Plans
- Simple Plans
- Simplified Employee Pension (SEP) Plans
- Defined Benefit Plans

Contact us so we can evaluate your business situation and determine if one of these plans are appropriate for you.

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