

2009 planning letter

Re: C Corporations

Last year, our C Corporation planning letter described some of the most critical legal and tax documentation responsibilities for a C Corporation. That letter may be found at www.anspachfinancialgroup.com. This year, the questions that follow are designed to assist you in deciding if you may have a need for year end planning.

Do you understand how to determine how much salary (wages) the officers and shareholders should take to satisfy the rules for reasonable compensation?

What criteria do you use to determine salary for officers and shareholders, and are salary determinations in the corporate minutes?

Do the shareholders take dividend distributions in lieu of or in addition to salary?
How are those amounts determined?

Do shareholders loan money to or borrow from the corporation?
Are signed promissory notes kept in the corporate books?

Does the corporation reimburse shareholders for corporation expenses paid by them?
Is there a written reimbursement policy?

Are you considering a succession plan for your business?
Do you plan to sell your business or its assets?
Are you planning to leave your business to family members?

Are you using personal credit cards for corporation expenses and treating them as if they were corporation credit cards (paying the bills from the corporation and reflecting the balances on your corporation balance sheet)?

These and many other questions should be answered to ensure that you are operating your corporation within the legal and tax parameters established by the Secretary of State and Internal Revenue Service.

Anspach Financial Group, LLC