BUSINESS

MONEY MANAGEMENT

1993 JOB-RELATED MOVING EXPENSES CAN ADD UP TO A VALUABLE TAX DEDUCTION

Beginning with the 1994 tax year, rules affecting job-related moving expenses have become stricter. However, the Nevada Society of CPAs points out that if you made a job-related move during 1993, you may be able to benefit from a less stringent tax law and qualify for a greater deduction on your 1993 tax return. Here's what you should keep in mind as you prepare your return.

THE DISTANCE TEST

To claim a tax deduction, the distance between your new job location and your former home must be at least 35 miles more than the distance between your old job location and your former home. (For 1994, the distance requirements is increased to 50 miles). If you work at several locations, your job location is where you spend most of your working time. These rules apply whether you are an employee or are self-employed.

TIME TESTS FOR EMPLOYEES AND THE SELF-EMPLOYED

In addition to meeting the distance test, you must also stay in the new location for a minimum amount of time. The time requirement varies depending on whether you are an employee or are self-employed. Employees must work full time in the new location for at least 39 weeks during the 12-month period following their arrival at the new location. The weeks needn't be consecutive nor do you have to work for the same employer. Self-employed tax payers must work at least 39 weeks during the first 12 months following the move, and a total of at least 78 weeks during the first 24 months immediately following the move.

If you cannot satisfy the applicable time test by the due date of your tax return, you can still deduct your moving expenses. For example, if you moved October, 1993 and spent only 13 weeks on the job, you may still claim a moving expense deduction on your 1993 tax return. However, if you don't stay on the job for 39 weeks, whichever is applicable, you must either file an amended tax return on which you recalculate your taxes, eliminating the moving expenses deduction, or report your moving deduction as income in the year you cannot meet the test.

DEDUCTIBLE EXPENSES

To claim a moving expense deduction on your 1993 tax return, you must itemize your deductions. You can then fully deduct the cost of transporting you, your family and your possessions to the new job site. These direct expenses include train or air fares, gasoline, tolls, and parking fees, the cost of lodging and 80 percent of qualified meal costs; and the cost of packing and transporting furniture.

You may also deduct indirect expenses such as house-hunting expenses, the cost of living in temporary quarters, and costs related to the sale, purchase, or lease of your residence. However, these indirect expenses are subject to a $3,000 ceiling. What's more, of the $3,000, you may deduct no more than $1,500 for temporary living expenses and pre-move house-hunting trips.

CHANGES FOR 1994

CPAs point out that in addition to increasing the distance requirement from 35 to 50 miles, Congress eliminated many previously qualified deductible ex-

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MONEY

SEP FOR THE SMALL BUSINESS OWNER

By Terrence R. Johnson

Taxes, taxes, taxes! This is the time of year when business owners are sitting down with their tax preparers to sort out their liabilities for last year. The problems that they are facing are the same as all of us who have to file with the government: How can we maximize our deductions and minimize the taxes we have to pay? The dilemma is heightened by the fact that its no longer last year and any moves to limit taxes have already been made. What's the business owner to do?

There remains a method for the business owner to reduce last year's taxes today. In fact not only can they reduce their taxes but they can help themselves and their employees plan for retirement at the same time. How can this be accomplished? With a Simplified Employee Pension plan (SEP). A SEP can be opened after the business year end while providing a tax deduction for the prior year. In fact the business owner, partnership, or corporation has until they file their taxes including extensions to establish and fund this plan. This makes a SEP one of the only methods available for cutting last year's taxes today!

How does this program work? With a SEP program the business owner establishes a SEP-IRA account for each eligible employee in the company. Anyone who has worked at least three of the last five years and has earned at least $300 dollars (indexed annually) during the plan year, and is 21 years of age or older must be included in the plan. A contribution of up to the lesser of 15% of compensation or 22,500 dollars can be made into the plan. Generally, this contribution must represent an equal share of each employee's compensation. The monies contributed are tax deductible to the employer and grow tax deferred within the SEP-IRA accounts until withdrawn. This program requires no government filings and the contribution percentages can vary from year to year, giving the business incredible flexibility in a very simple program.


TERRENCE R. JOHNSON

A SEP can be set up for companies from the one person sole proprietor up to a company with many employees. It helps business owners take control of two major issues facing them today: taxes and retirement planning. It's a great method of reducing last year's tax liability. In addition, while increased government regulations and administrative requirements have made retirement programs more complex than ever, a SEP plan simplifies this process, allowing the business owner the freedom to do what they do best. A program like this proves the old adage true, sometimes the best solutions are the simplest, like a SEP.

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FIRST WESTERN ESTABLISHES EMERGENCY CHILDCARE FUND

First Western Bank, F.S.B., has established an emergency childcare scholarship fund to assist families in the West Las Vegas community. The fund, which is administered by United Way of Southern Nevada, will make money available for short-term childcare at the Variety Day Home on D Street.

Anne Bacon, president of the First Western, launched the scholarship program with a $500 personal contribution during ribbon cutting ceremonies at the Nucleus Plaza branch on October 25 last year. Since then, the bank has deposited $1.00 to the fund for each new account opened at the branch.

"We now have enough money in the fund to help several area families," said Nafeesa Spencer, manager of the Nucleus Plaza office. "There are a lot of good people in this neighborhood, a lot of single mothers, who are trying to get their lives together. But it's hard to look for work, or go to work, when you don't have anyone to take care of your kids.

"Daycare is expensive," Spencer continued. "Providing working parents with a safe,

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SOUTHWEST GAS SETS BUSINESS SEMINARS FOR WOMEN, MINORITY AND SERVICE-DISABLED VETERANS

Southwest Gas has scheduled a seminar Wednesday, April 6, from 9 a.m. to 11 a.m., to assist women, minority and service-disabled veteran business owners who are interested in doing business with the company.

The seminar is part of a continuing series of outreach programs by Southwest Gas to locate, encourage and inform women, minority and service-disabled veteran business owners about the various types of products and services for which the company contracts in southern Nevada.

The outreach session is part of Southwest's Women, Minority and Disabled-Veteran Business Enterprise (WMDVBE) program.

Any women, minority or service-disabled veteran contractors and suppliers who are interested in participating in this or future seminars may contact the company at 876-7513 or 364-3173.