



Michigan Small Business & Technology Development Center

Greeting from the MI-SBTDC:

LOOK WHAT'S NEW

The Michigan Small Business & Technology Development Center is now offering a **Small Business Check-up** to all our Existing Clients.

The **Small Business Check-up** is a FREE service designed to assist business managers and owners develop an action plan to improve their business operations.

**Finding solutions
for Growing
Business**

**CALL TODAY to set up
your business's checkup:
(517) 483-1921**

You go to your doctor for a physical check-up.

You go to your dentist

You have your mechanic inspect your car.

But, when was the last time you had your business checked?

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Taxes, Taxes, Taxes!!!

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The following information is located at <http://www.michigan.gov/treasury>

The Single Business Tax (SBT) is the only general business tax levied by the State of Michigan. When enacted in 1976 it replaced seven separate business taxes, including the corporate income tax. The SBT is a Value Added Tax (VAT). Value added taxes are levied on a "Services Consumed" or "Benefits Received" principle. The SBT replaced taxation of net income with value-added taxation. The SBT base consists of essentially three components: labor, capital and profit.

- Labor is measured by the compensation (including benefits) an employer pays to its employees.
- Capital used is measured by depreciation, interest, dividends and royalties paid by the taxpayer.
- Profit is measured by the taxpayer's federal taxable income as adjusted for SBT purposes. Several different credits are available as well as methods of reducing a taxpayer's taxable base.



Region 8 of Michigan's SBTDC is hosted by Lansing Community College

SBTDC CLIENT HIGHLIGHT: LaMont Brothers Tree Service

The LaMont Brothers Tree Service Dennis Whitney, Satellite Director Livingston County MISBTDC

Business was begun in March of 1995 as a part time venture by two brothers that were employed as journeymen in the IBEW by two of the largest tree service companies in the State. The LaMont Brothers originally began as a residential tree trimming and removal service to augment their incomes from corporate America.

In 2002 the LaMont brothers approached the Livingston County SBTDC for assistance in bidding and securing the Ash Borer abatement contract with the State of Michigan. The SBTDC

and clients successfully completed a business plan, a bid, and consequently were awarded the Ash Borer contract in September of 2003.

Subsequent to receiving the contract the clients and counselor, during review of the business plan, and working with a network of CPA's

LaMont Brothers has taken a proactive stance on the woodland ecology and currently process their raw material into the following products:

1. Wood Chips – Shipped to Mid Michigan Recycling for cogeneration fuel.
2. Rail Road Ties – Shipped to Webster Industries in Wisconsin.
3. Pallet Wood – Shipped to Pallock for pallet

manufacturing.

4. Lumber – Air dried on site and sold both commercially and retail.

LaMont Brothers continues to be involved in the woodland ecology movement and consistently hosts seminars and training programs for industry partners. At the request of the State of Michigan the company has responded to the needs of a mobile grinding application at the Saginaw/Eaton County site and the Calhoun Marshall site.

The LaMont Brothers have hosted multiple legislative tours at both major sites at the request of the Dept. of Agriculture.

Frequently Asked Questions:

Q. How do I set up the right record keeping system for my business?

A. The type of records and how many you need depend on your particular operation. The SBA's resources and an accountant can provide you with many options. When deciding what is and is not necessary, keep in mind the following questions:

1. How will this record be used?
2. How important is this information likely to be?
3. Is the information available elsewhere in an equally accessible form?

Q. What financial statements Do I need?

A. You should prepare and understand three basic financial statements:

1. The balance sheet, which is a record of assets, liabilities and capital at a specific point in time;
2. The income (profit and loss) statement, which is a summary of your earnings, expenses and net profit (or loss) over a given period of time; and
3. The cash flow projection, which show the projected inflows and outflows of cash into and out of your business.



This Cooperative Agreement is partially funded by the U.S. Small Business Administration. SBA's funding is not an endorsement of any products, opinions, or services. All SBA funded programs are extended to the public on a nondiscriminatory basis and available to individuals with disabilities.

General Business Counseling: Taxes, Taxes, Taxes!!!

(continued from page 1)

What activity is subject to the SBT?

The SBT applies to "business activity," which includes:

- The sale of real or personal property in exchange for a tangible or intangible consideration.
- Property rental, including both real property and personal property.
- Performance of a service for a fee, except services rendered as an employee or services rendered as the director of a corporation.

Partners and shareholders should contact the Individual Taxes Division at: (800) 827-4000 for information on Michigan income tax filing requirements.



Who is subject to the SBT?

All persons engaged in a "business activity" in Michigan are subject to the SBT. A "person" includes an individual,

trust, estate, and every type of business entity. Persons engaged in "business activity" both within and without the State of Michigan should refer to form [RAB 98-1](#) "Single Business Tax Nexus Standards" for guidance.

Who must file an SBT return?

Any "person" engaged in a business activity in Michigan whose gross receipts allocated or apportioned to Michigan are \$350,000 or more is required to file a return.

Gross receipts include all receipts derived from a business activity including rental and lease receipts. If a business operated for less than 12 months (and is not a sole proprietor), it must annualize allocated or apportioned gross receipts to determine whether it meets the filing requirement. Special rules apply for controlled groups.

How does the SBT apply to taxpayers doing business in more than one state?

Taxpayers doing business in Michigan and in other states apportion their tax base to Michigan using a formula based on their

percentage of property, payroll and sales in Michigan. Financial organizations and transportation companies use a single factor formula based on gross business and revenue miles, respectively. See [Form C-8000H](#), *SBT Apportionment Formula*.



How do I request the tax forms?

Current and prior year SBT forms may be obtained by one of the following methods: Downloading the desired form from the Michigan Government Website: <http://www.michigan.gov/treasury> or by calling (800) 367-6263 and placing your request. Please allow 30 days for forms to be mailed. These services are available 24 hours a day 7 days a week. To request information for new businesses, contact the Michigan Economic Development Corporation at (517) 373-9808.

Small Business Tips: Protecting Assets During Challenging Times

Protecting Assets During Challenging Business Times

Patrick J. Brazil, Agent

New York Life Insurance Company

If you're like many small business owners, it may not feel like much of a recovery, at least yet. Actually, this could still be the most dangerous time for businesses, with resources cut to the bone and few reserves remaining in the emergency root cellar. All the more reason to cinch that belt one notch tighter, plan for the future, and take steps to protect your assets during the lean times that may remain while the recovery picks up momentum.

Now is the time to develop a four-step strategy that brings your business through the next few months and positions it for growth as the economy strengthens.

1. Protect Your Customer Base

Your customers are vital assets. They provide the cash to make everything else happen. Take steps to keep them.

Start with some creative, short-term marketing to keep cash flowing for the next several months. First of all, advertise, so your customers know you're still there. Call or write preferred customers (and today they're all preferred customers) to thank them for past business and remind them that you're still there for them. Invite them to drop by for a cup of coffee. Consider short-term price reductions. No business owner likes to discount products or services, but if one of your customers is looking to lower expenses, it may be better to offer a reduction yourself than find out that he or she went elsewhere.

2. Protect Your Employee

Do what it takes to retain quality employees, your greatest business assets.

They've stayed with you this long; don't let them slip away now.

First, do not cut pay or benefits. They'll think your ship is sinking and they may

jump. Instead, consider expanding your benefit package. No, you don't need to do it right now. Instead, look at future benefits. Now may be an ideal time to explore 401(k) or other qualified plan options. Do your homework today. Then, if you like, defer the actual implementation until later in the year. This strategy gives your employees a vision for the future. Plus, it boosts their faith that there will be a future.

Also, now is the time to consider a benefit designed to retain select key employees by utilizing a form of deferred compensation known as "golden handcuffs." The concept is simple: Using a written agreement, select employees agree to remain with your company until retirement or some other specified period of time. In exchange, they are promised additional compensation to be paid at a later date. (Or, if they die prematurely, their family is promised a life insurance benefit.) This can be a valuable way to retain top performers.

3. Protect Your Business Infrastructure and Long-term Plans

Draft or update your buy-sell agreement for the eventual transfer of your company at your own retirement or death. Also, look at key executive insurance to help protect your company from loss if a valued employee should die prematurely.

4. Protect Your Company's and Your Family's Investment in You

While it's not polite to brag, you are your business's greatest business asset, the linchpin that holds everything together. So, protect yourself. Review your company's life insurance program. That way, if something happens to you, your business and your family will be financially protected.

A Tall Order? Not Really. Plus, There's No Reason to Go it Alone.

For further information on how insurance and other financial products can be used in business planning, please contact Patrick J. Brazil, Agent, New York Life Insurance Company, at (517)-819-5433.

Note: Neither New York Life nor its agents offer legal or tax advice. Please talk to your own advisors for legal and tax advice.

Upcoming Training:

www.misbtdc.org/region8

Winter & Spring Trainings

Starting Your Own Business

February 9, 2006 or

April 6, 2006

12:30pm—4:00pm

Cost: \$70 per person or 2 for \$125

Steps in Developing a Business Plan

February 23, 2006 or

April 20, 2006

12:30pm—4:00pm

Cost: \$90 per person or 2 for \$160

Legal Issues in Starting a Small Business

February 28, 2006

6:00pm—8:00pm

Cost: \$25 per person or 2 for \$45

Evening with the Experts

March 9, 2006

6:00pm—9:00pm

Cost: FREE



For more training information or to register call (517) 483-9853 or visit www.misbtdc.org/region8

Building a Successful Marketing Plan

March 15, 2006

8:30am—12:00pm

Cost: \$70 per person or 2 for \$125

Finding the Money: Investors and Bankers

March 29, 2006

9:00am-11:00am

Cost: \$25 per person or 2 for \$45

Financials with QuickBooks

Software Introductory Level Training

April 28, 2006

8:30am—5:00pm

Cost: \$125 per person or 2 for \$225

Financials with QuickBooks

Software Advanced Level Training

May 26, 2006

8:30am—5:00pm

Cost: \$125 per person or 2 for \$225

TEAM SBA: Financing Roundtables

March 16, 2006 or

May 18, 2006

9:00am—12:00pm

Cost: FREE

To register for TEAM SBA call:

Lansing Regional Chamber of

Commerce (517) 487-6340

Business Basics Orientations

Offered Bimonthly, Wednesdays

12:00pm—1:30pm

Cost: FREE

To register call the (517) 483-1921

SBTDC Staff in Region 8

Regional Center

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Satellite Center

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Satellite Director
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Affiliate Offices

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Lansing Community Micro-
Enterprise Loan Fund
Denise Peak, Director
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Lansing, MI 48933
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Shiawassee Chamber of
Commerce
Carol Vaughn, President
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Owosso, MI 48867
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CTFE Clinton Task Force on
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George Contompasis, Director
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Michigan Small Business & Technology Development Center

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Lansing, MI 48901

**Got a tip or story?
Let us know!**

Phone: (517) 483-1921 Fax: (517) 483-1675
Website: www.misbtadc.org
E-mail: sbtadc@lcc.edu

Finding Solutions for Growing Businesses

The Biz Resource Centers offer:

- One-stop locations where current and future small business owners can receive business assistance and advice.
- The latest computer technology, hardware and software, and extensive small business reference library of hard copy books, and publications.
- Clients of all types the use of software for a variety of business applications, addressing diverse business needs.

**Biz
Resource
Center**

**Call MISBTDC: (517) 483-1921 or visit
www.misbtadc.org for the location nearest you.**



MI-SBTDC Mission Statement

The Michigan Small Business and Technology Development Center (MI-SBTDC) enhances Michigan's economic well being by providing counseling, training, research, and advocacy for new ventures, existing small businesses and innovative technology companies. With regional, satellite and affiliate offices statewide, the MI-SBTDC network positively impacts the economy by strengthening existing companies, creating new jobs, retaining existing jobs, and assisting companies in defining their path to success.



<http://www.sba.gov>



<http://www.lcc.edu/bci>

The Michigan Small Business & Technology Development Center regional office, affiliated with the Business & Community Institute at Lansing Community College is one of 12 offices statewide, providing services and support to the Michigan small business community in the areas of counseling, training and research.



The Lansing Community College's Michigan Small Business & Technology Development Center at the Business & Community Institute, contributes to the promotion of economic development by assisting in the creation of new small business and the retention and expansion of existing small businesses. We achieve this mission by providing technical

assistance to prospective and existing business owners and managers in Ingham, Eaton, Clinton, Ionia, Livingston, and Shiawassee counties. We provide our clients with the education and training needed to establish and grow a successful small business.

ADDRESS:

**Academic and Office Facilities
315 N. Grand Ave, Room 202
P.O. Box 40010
Lansing, MI 48933**

