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Client Information Bulletin

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Connecting Your Business to Social Media

Seven steps to create a business identity

It is rapidly becoming apparent that engaging in social media can be critical to business success, at least in the foreseeable future. How do you get started? There is no exact blueprint, but the following steps should be helpful.

1. Establish your brand. The first component of a social media plan is to create a brand and circulate it. Make sure you have control of your identity all over the Internet. Grab the best user name for your purposes at the first available opportunity. For convenience, you might use a site such as “knowem?” to search a large listing of social media sites.

2. Determine what you hope to accomplish through social media. Do not enter into the process without a plan. For instance, you may be seeking to—

- ◆ create better overall awareness of your business;
- ◆ build “buzz” about a particular product or service;
- ◆ drive more traffic to your Web site;
- ◆ increase leads for the sales force; and
- ◆ receive input from the public about your brand.

3. Develop a means to measure success. Identify a method to quantify the buzz you may be generating. It might

relate to blog comments, links, Twitter talk or better brand recognition. Without a way to benchmark results, you are likely to fail. At the very least, you will not be able to implement changes unless you have a measuring stick.

4. Tell your story. In essence, try to have clients invest in your story and who you are. Don’t construct a fantasy about yourself, but take the time to become aware of your identity. What are you known for, and what do you want to be known for?

5. Plan your social media activities to be as effective as they can be. Do not waste your time in communities where you will gain little traction. Try to “put a face” on your customers. Who are they, and what are they interested in? Are they on Twitter, Facebook, LinkedIn or other sites? Wherever they are, find them, along with other potential customers who gravitate to social media. Also, study the best communities for your interests.

6. Create social media guidelines. For instance, you might document limits on company disclosures, avoid discussing any confidential information and refrain from disparaging the company or otherwise using impolite dialogue. You will also need rules, not for just what you will say, but who will be in charge of saying it.

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7. Fine-tune the plan. Some other issues you will want to address include:

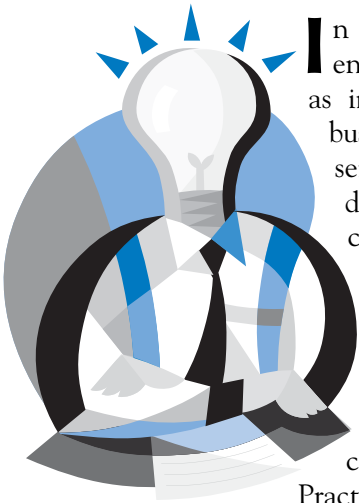
- ◆ How will social media be integrated into your core strategy?
- ◆ Who from the company will engage? Will there be one voice? Or will you have a team use a single branded account? What about personal accounts?

- ◆ How much time will be spent on social media?
- ◆ How long will the company run tests before evaluating the success?

These issues should be resolved before you actually engage in social media activities. When you finally enter the social space, listen carefully, and begin forming a platform for people to talk openly.

Six Ways to Improve Debt Collection

Practical ideas for collection activities



In the current economy, it is not enough to generate sales. It is just as important to ensure that your business is actually paid for your services or products. That is why debt collection is increasingly becoming a concern of small-business owners.

When pursuing debt collection activities, be careful to avoid violating any federal laws designed to protect debtors, including the Fair Debt Collection Practices Act and related legislation.

In brief, you may be fined or forced to pay damages, or both. State law may also restrict these practices. In addition, debtors may be able to initiate civil actions.

The key is to maximize collections for your business without exposing it to liability. Here are six practical suggestions:

1. Monitor your accounts payable. If a client or customer thinks you have forgotten about a bill, it may become a low priority. If the payment term is the standard 30 days, don't let nonpayment go unaddressed for more than another week or two.

2. Use a "personal touch." Don't always start out by sending a computer-generated form letter. This may be considered a temporary reprieve. A straightforward call reminding the debtor that the account is overdue is usually more persuasive. **Key point:** Be sure to ask when the bill will be paid.

3. Follow up on your initial contact. If a personal communication does not produce payment, follow up with a registered or certified letter detailing the amount owed,

the prior invoice date and the date on which the goods were delivered or the services were provided. Make sure you have written proof that you performed your part of the bargain.

4. Additional follow-up letters can be worded more strongly. State any additional measures you will take, including litigation, if payment is not received. **Caution:** Postcards used to demand payment could lead to civil and/or criminal liability under federal law.

5. Act in a businesslike fashion. Avoid sarcastic remarks and name calling. If you spread the word that a customer is a bad risk, you risk a defamation lawsuit. Be truthful, and don't pretend you are someone you are not. And don't make your collection letters look like they are coming from a collection agency.

6. Stay out of court if you can. You might try to arbitrate the dispute, especially if the debtor claims there is a problem with the goods or services. Alternative dispute resolution is faster and less expensive than court and often produces satisfactory results. As a last resort, you may be entitled to a tax deduction for bad business debts.

Do not give up easily when a client or customer stonewalls. With the help of your professional advisers, you can determine the appropriate action.



Give Us A Call!

Do you have any questions or comments about this newsletter or your individual situation? Please do not hesitate to contact our office. We would be glad to serve you in any way we can.

Are You in the AMT Danger Zone?

Assess your situation to limit damage

The alternative minimum tax (AMT) was originally designed to ensnare only the wealthiest individuals. But this “stealth tax” has been steadily hitting a far wider group of taxpayers than initially intended. If you are in danger of incurring AMT liability, you should familiarize yourself with the rules.

Basic premise: The AMT runs on a separate track beside your regular tax liability. After you have figured out your regular taxable income, your AMT liability must be computed. Here are four basic steps:

- 1 Add certain tax preference items to your taxable income and make other technical adjustments required by law.
- 2 Subtract from this figure a special exemption amount based on your filing status.
- 3 Apply the AMT rate to the net amount. For 2010, the applicable rate remains 26% on the first \$175,000 of AMT income; 28% for amounts above \$175,000.
- 4 Compare your AMT liability with your regular tax liability. If the AMT is higher, you are required to pay the excess in addition to your regular tax liability.

The list of preferences and technical adjustments is a long one. Suffice it to say that the AMT computation requires you to add-back certain itemized deductions and personal exemptions. That is one of the reasons why more taxpayers have become unintentional victims of the AMT.

There have been several highly publicized cases where couples with many dependents have been hit by the AMT, despite having relatively low incomes. Furthermore, taxpayers who reside in states with high-income tax rates and who make high mortgage interest and property tax payments are likely to encounter AMT problems.

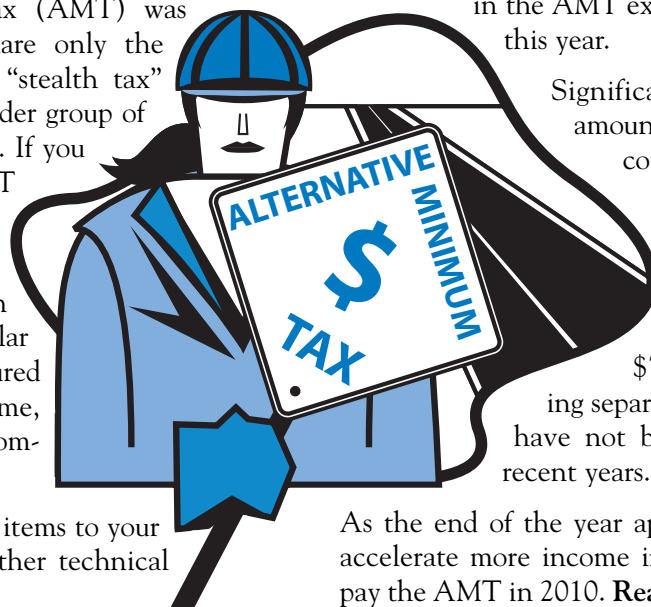
Another problem: Although Congress has tinkered with the exemption amounts in recent years, the tax relief has been minimal. Absent any legislation, the exemption amounts for the 2010 year are scheduled to drop to \$45,000 for joint filers (from \$70,950 in 2009) and \$33,750 for single filers (from \$46,700 in 2009). However, as this is being written, another minor “patch”

in the AMT exemption amount is anticipated this year.

Significantly, the AMT exemption amounts are phased out for high-income taxpayers. Each exemption is reduced by 25 cents for each dollar of AMT income over \$150,000 for joint filers; \$112,500 for single filers and heads of household; and \$75,000 for married couples filing separately. **Key point:** These figures have not been adjusted for inflation in recent years.

As the end of the year approaches, you might actually accelerate more income into this year if you expect to pay the AMT in 2010. **Reason:** The extra income will be taxed at either the 26% or 28% AMT rate. In comparison, your regular top income tax rate may be higher, especially if rates increase in 2011.

In summary: Review your situation with a professional tax adviser. Depending on your personal circumstances, it may be possible to either avoid or reduce the impact of the AMT in 2010.



Enough Frivolity: IRS Gets Serious

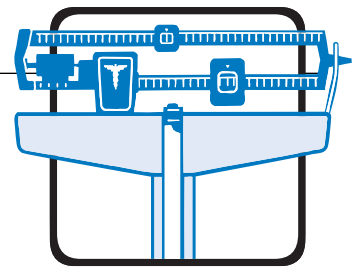
Be forewarned: The IRS wants taxpayers to stop using “frivolous” arguments to claim deductions or avoid taxable income.

For education purposes, the IRS has prepared “The Truth About Frivolous Tax Arguments.”

This document debunks several frivolous arguments used in the past. You can find it online at the IRS Web site.

What’s at stake? The penalty for submitting a tax return identified by the IRS as being frivolous was recently hiked from \$500 to \$5,000.





Weight Discrimination in the Workplace

Legal claims by employees are rising

Recent statistics on obesity are cause for concern. In 2008, Colorado was the only state showing a prevalence of obesity less than 20% (“obesity” being a body mass index of 30 or higher). Also, 32 states had a prevalence equal to or greater than 25%.

Besides the obvious health-related issues, increased obesity is having an impact in the workplace. According to the Equal Employment Opportunity Commission (EEOC), weight discrimination is almost as common as racial, age or gender discrimination. The controlling federal law in this area is the Americans with Disabilities Act of 1990 (ADA).

Basic rules: Obesity, in itself, does not automatically entitle an employee to protection under the ADA. The standard position of the EEOC is that the ADA covers “morbid” obesity (i.e., a body weight more than 100% over the norm) and obesity caused by a physiological disorder.

However, the courts do not have to agree with the EEOC, one way or the other. For example, the Sixth Circuit Court of Appeals recently ruled that even morbid obesity must be the result of a physiological condition to constitute a violation. Nevertheless, your company is not immune from claims by employees. Weight discrimination lawsuits may be initiated in the following situations:

- ◆ The employee has a health condition related to weight, such as diabetes, heart disease and hypertension. This may result in ADA protection regardless of the degree of the condition or the cause of the obesity.

Facts and Figures

Timely points of particular interest

- ➔ **Severance Payments**—In a surprising new case, a District Court in Michigan ruled that severance payments should not be treated as “wages” for employment tax purposes. Instead, the court characterized the payments as wage-replacement social benefits. As a result, a business that has downsized may choose to file a protective refund claim for past open years. **Note:** The IRS is expected to appeal this decision.

- ◆ Weight standards are based on gender. In one landmark case, the Ninth Circuit ruled that an airline’s weight-limit requirement was discriminatory on its face. **Reason:** Male employees were limited to maximum weights corresponding to large body frames for men, while women were limited to maximum weights corresponding to medium body frames for women.

- ◆ The employer relies on assumptions or stereotypes. Although the ADA excludes individuals who pose a direct threat to the health or safety of themselves or others, don’t assume that a threat exists for an obese, or even morbidly obese, individual. Establish through medically supported methods that there’s a significant risk that substantial harm could occur if the employee were to carry out the essential functions of his or her job.

The problems can go beyond the threat of lawsuits from employees. Employers may be concerned, both legally and morally, about rising costs associated with obesity. **Practical approach:** Your company might implement a company-wide weight reduction program and otherwise maintain a healthier workplace culture. For instance, you could stock vending machines with bottled water and nutritious snacks instead of carbonated soda and candy.

Finally, try to handle weight-related issues of employees with a dose of common sense and sensitivity. Your business advisers can provide guidance.

- ➔ **Office Space**—Are you redesigning your office? The latest trend is to utilize smaller individual workspaces and dedicate more space to interactive use. For instance, space is being optimized for various kinds of collaborations, ranging from large formal meetings in a conference room to chance encounters in the hallway. But you should still tailor your office space around the specific needs of your business.

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