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Your Marriage and Taxes

Marriage is the ultimate merger of sorts. You and your partner are making the official commitment to a lifetime of sharing. Logistically, it means blending two people's lives into one home. This may include different possessions and styles – you may have antiques, he has Danish nouveau. Oftentimes, it means combining pets, families, and finances.

In the case of finances, you may decide to share all accounts, none at all, or create one just for the household. But marriage will definitely have a legal and tax effect on your finances, whether they are in the form of personal property, assets, debts, retirement accounts, or savings.

While your marriage could bring an increased standard of living, due to combined incomes and assets, there are some financial and tax issues as a result of your tying the knot. Here are some important points to consider if you have recently been married or are planning to be sometime soon:

Your IRS Filing Status You have a choice on this one: either “married filing jointly” or “married filing separately.” The best choice is the one that works to your advantage tax-wise. It is a bit tricky,

Client Update

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so it is smart to consult with a tax professional for advice on this one, particularly the first year you are married.

Your Retirement Accounts If your income meets the criteria, each of you can claim an IRA deduction of up to \$3,000 on your 2004 return. To do this, you and your spouse must have combined earnings of at least \$6,000 and modified adjusted gross income of \$65,000 or less. For couples where a larger income disparity exists, the non-working or low earning spouse can “borrow” compensation from his or her spouse in order to reach the maximum contribution limit. Also, make sure your employers know to change your filing status on your respective 401(k) accounts.

Your Social Security Number Your social security number of course stays the same regardless of your marital or filing status. But if you do change your name, you should apply for a new social security card in your new name. (This process can be done only through the Social Security office.) If your name and number do not match, you may see a delay in the processing of your tax return and any refunds that are due to you.

One Home Although it is not required, you might want to inform the IRS of your new address. It is better than counting on your mail being



automatically forwarded to you based on the change of address form you filed at the post office. That process can result in delays in refunds and any correspondence with the IRS. To change your address, file an IRS Form 8822.

Generally speaking, sorting out your taxes as a married couple should not be too difficult. If you have questions, check with us for more information.

http://www.hrblock.com/taxes/planning/life_events/marriage.htm

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Getting Financing for Your Business

The perception that many small business owners have is that financing means taking whatever money you can get; the faster and easier you can get it, the better. Unfortunately, this approach does not take into account the fact that getting money for your business involves a variety of considerations, financial and non-financial, good and bad.

Finding “smart” money Small businesses usually need more than just cash: they need “smart” money. By smart money we mean financing that helps your business in the way that you want it to, where the financier provides not only capital, but support and expertise to your business. Smart money could be an SBA guaranteed loan that allows you to keep your ownership interests intact until your business reaches the stage at which you want to sell shares of the business. On the other hand, money that comes from letting your brother, Stanley, become a partner in your business because you need his \$10,000 before the end of the week might be far more costly than you ever imagined.



The problem in locating “smart” money is that the capital market for small businesses is imperfect and consists of a great variety of under-publicized and poorly organized financing sources. Whether you are trying to locate a bank that is willing to lend money to your small business or whether you are looking for a business “angel” who will contribute needed equity capital, your quest for financing will require that you devote the same attention to obtaining capital as you give to decisions involving the business’s basic product or service.

http://www.toolkit.cch.com/text/P10_0500.asp

Controlling Your Taxes

One of the biggest hurdles you will face in running your own business is to stay on top of your numerous obligations to federal, state, and local tax agencies. A tax headache is only one mistake away, be it a missed payment or filing deadline, an improperly claimed deduction, or incomplete records. You can safely assume that a tax auditor will not look kindly on an “I didn’t know I was required to do that” claim. The old legal saying that “ignorance of the law is no excuse” is perhaps most often applied in tax settings.

Although retaining a good accountant or other tax professional may prove to be invaluable in avoiding tax troubles, possessing a working knowledge of how the tax systems work is also beneficial. After all, even if you delegate your tax obligations to someone else, you will still bear the ultimate responsibility for seeing that those obligations are met.

http://www.toolkit.cch.com/text/P07_0005.asp

