

Monthly Connection

Illinois Small Business Development Center (SBDC) &
International Trade Center (ITC)

at

Southern Illinois University Edwardsville

February 2013

SIUE—Management 475

The Small Business Development Center is gearing up to work with a class of SIUE students in the Management 475 class. Each semester the SBDC teams in-business clients with a group of 5-6 students who do research and prepare a presentation and final project for the client. The project can range from market research to social media analysis to a feasibility study and beyond! The client will meet with the students to discuss the client's needs and then the students will put in hours of work to complete the final project. Communication continues with the students throughout the project to ensure the finished product is as beneficial to the client as possible.

If you are currently in-business and would like the opportunity to team up with a group of students, please contact us today! All interested businesses will be presented to the students at the end of February and they will choose a client to work with. This is a great opportunity so do not miss out!



Inside the Issue:

| | |
|---|---|
| Workshops | 2 |
| ITC Success Story | 3 |
| Article—Calendar or Fiscal | 4 |
| Article—SB Tax Incentives in the Fiscal Cliff | 5 |
| Contact Information | 6 |



THINKING ABOUT STARTING A BUSINESS?



SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE
SCHOOL OF BUSINESS



Scan with your
smartphone to
register for the
workshop!



Get started the right way by attending:

Starting a Business in Illinois Workshop you will teach you about starting a for-profit business in Illinois. The workshop is led by trained counselors of the Illinois Small Business Development Center (SBDC).

Participants will learn how to develop a business plan, and time is allotted for specific questions regarding your venture. This course is highly recommended for anyone considering a new business venture, buying a turnkey operation or looking for more information.

EDWARDSVILLE

Wednesday, February 6th 3pm—5pm

Wednesday, March 6th 3pm—5pm

Wednesday, April 10th 3pm—5pm

The Edwardsville workshop will be held in the Willow room of the Morris University Center. Attendees should park in Lot B to avoid tickets.

Call to register: 618-650-2929 or
register online at: siue.edu/business/sbdc

EAST ST. LOUIS

Wednesday, February 13th 3pm—5pm

Wednesday, March 13th 3pm—5pm

Wednesday, April 17th 3pm—5pm

The East St. Louis workshop will be held at the East St. Louis Higher Education Learning Center in the Building B, Room 2002. Attendees should park in the Visitors Parking Lot to avoid tickets.

Call to register: 618-482-8330 or
register online at: siue.edu/business/sbdc

ITC—Success Story: Marsh Shipping Supply Co. LLC—Collinsville

MSSC specializes in the manufacturing of marking, shipping, and sealing devices. Their products are often used in the oil exploration, petro chemical, fishing, and drum and pipe marking industries. MSSC is represented across the globe by independently-owned and operated distributors.

Over the last years, MSSC has embarked on an aggressive effort to increase their export sales. Currently MSSC has export sales of 30% of all revenue dollars. Their goal is to increase to 33% by 2015 and their efforts for growth have been focused on two regions: Asia and South America

During the last year, MSSC turned to the ITC for assistance in identifying new prospective distributors that could represent its products in South America. Its current ones have been underperforming in recent years.

The ITC worked closely with the Illinois Office in Latin America as well as their partners from the U.S. Commercial Service. After several conference calls and meetings, it was determined that the best markets for MSSC were Chile and Brazil. Consequently, Gold Key Programs were put together on behalf of MSSC. It was decided that Craig Eversmann, President of MSSC would travel to Sao Paulo, Brazil and Santiago, Chile the last week in September. While in Sao Paulo, Mr. Eversmann would join the Illinois delegation led by Governor Pat Quinn.

From September 24-27, ten meetings were arranged with potential distributors in Brazil and Chile—all prescreened by representatives from the U.S. Commercial Offices in Sao Paulo and Santiago.

As a result of both trips, Mr. Eversmann reports having identified two new distributors. One in Sao Paulo, Brazil with potential sales of \$50,000 and the other distributor in Santiago, Chile with potential sales of \$50,000.

“October 16, 2012

Dear Silvia, I am writing to express my deepest appreciation for the support and funding for our manufacturing business here in southern Illinois. MSSC, LLC had distributors in Brazil and Chile, unfortunately they were not performing.

While in Brazil and Chile I was fortunate to meet with many new potential distributors. In Brazil I met with five companies and it is clear we have three very good candidates to sell our USA made products. I believe we have the potential to greatly improve the sale of our products in Brazil.

In Chile I had a similar experience. I met with four companies. I was duly impressed with the quality of the businesses I met in Chile. I strongly believe the relationships made will definitely improve the sale of our products in Chile. We are in the early stages, but this will be a winner.

Again, I must repeat a thank you for the support. Without you and your organizations' help, MSSC would not have ventured to Latin America. Quite simply, the trip will be fruitful due to your direct involvement. I am hopeful MSSC can and will have your continued support.

Best regards,

Craig A. Eversmann, President”

Calendar or Fiscal? Which Tax Year is Right for your Small Business?

by Caron_Beesley, Community Moderator in the 1/13/13 SBA Bulletin -

Did you start a business last year? No? Are you planning to start one this year? Did you know you can choose the tax year you intend to operate under? Choose well, because there are pros and cons for either method.

A tax year is an accounting period for which you must report your taxable income and business expenses, and the law requires you to operate according to a consistent tax year. The most common is the most obvious: the calendar year. However, businesses can also report based on a fiscal tax year and a short tax year.

Here are some tips for choosing the right period for your small business.

1. Calendar Tax Year

This is a simple and intuitive method adopted by many small business owners, requiring you to track and report income and expenses to the IRS much like individual tax payers do: on an annual basis from January 1 to December 31.

Whether you should use this method is typically determined by how your business is legally structured. For example, if you are a sole proprietor, there is no separation of your business and personal taxes, so a calendar year method is typically required. Likewise, business partnerships or limited liability companies (LLCs) also will generally use the same tax year most business owner(s). S corporations and personal service corporations will also use a calendar year in most cases.

- Generally, anyone can adopt the calendar year. However, if any of the following apply, the IRS requires you to adopt the calendar year:
- You keep no books or records
- You have no annual accounting period
- Your present tax year does not qualify as a fiscal year
- You are required to use a calendar year by a provision of the Internal Revenue Code or the Income Tax Regulations

Read more about the tax implications of your business structure.

2. Fiscal Tax Year

Many corporations and larger firms operate on a fiscal tax year basis – a period of 12 consecutive months ending on the last day of any month that isn't December. For small businesses that might not have the accounting expertise on-hand to keep everything reconciled, a calendar tax year is easier to manage. But there are exceptions where it may make sense to consider a fiscal year. For example, if you operate a seasonal business, reporting income by calendar year could split your season and give a distorted view of income and expenses.

Likewise, if your business shows most of its expenses in one year and income in another, it may be worth looking into a fiscal tax year so that both periods are included in the same 12-month set.

3. Short Tax Year

Technically, a short tax year (less than 12 months) is not an annual accounting period; instead, it applies to businesses that didn't exist for the entire tax year or those that changed their tax year period during the year.

If you started your business any time during the tax year, you still need to file a tax return for the time you were in existence. Requirements for filing the return and calculating tax owed are generally the same as the requirements for a return for a full tax year (12 months) ending on the last day of the short tax year.

Can You Change a Tax Year?

Once you've adopted a tax year, you may need to get IRS approval to change it. Typically, businesses that change their legal structure may wish to shift from a calendar year to a fiscal year method. In these cases, you will need to file Form 1128, Application to Adopt, Change, or Retain a Tax Year.

Small Business Tax Incentives in the Fiscal Cliff

by Karen Mills, SBA Administrator— From January 14, 2013, Small Business Development Center Network's Weekly Connection

America's 28 million small businesses are the backbone of our economy. This past week, the Taxpayer Relief Act of 2012 delivered them some really good news. The [solution](#) reached by the President and Congress included extensions of several small businesses tax incentives designed to spur innovation, support capital investment, and make it easier to hire new workers. In fact, the legislation extended some of the most important tax credits that the President signed into law during his first term. In addition, under this law, more than 98 percent of Americans and 97 percent of small businesses will not see their income taxes go up, avoiding a negative impact on small business revenues.

Our economy is gaining momentum. Small businesses continue to drive innovation and job creation in industries across the country. Our goal is to make sure these entrepreneurs have the wind at their backs and the access and opportunity they need to grow their operations, reach new customer and create jobs in our communities.

Below are some of the key tax incentive extensions your business could be using today. Whether you've made R&D or equipment investments or hired veteran employees, you stand to benefit from one or more of the extended tax incentives. What's more, small businesses looking for investors can benefit from the 100 percent exclusion of gain on small business stock.

R&D Tax Credit. The law extends the research and experimentation tax credit (popularly known as the R&D credit), which had officially expired at the end of 2011, through 2013. In addition the law allows businesses to apply the credit retroactively to investments made in 2012.

Section 179 Deduction. Section 179 of the tax code permits small businesses to deduct the cost of certain new and used property placed in service for the year rather than depreciate those costs over time. The new law extends the maximum deduction to \$500,000 for the 2012 and 2013 tax years for companies with under \$2 million in qualifying capital expenditures.

Bonus Depreciation. The bonus depreciation provision enables small businesses to recover the costs of qualified new equipment faster than the ordinary schedule, by permitting the depreciation of 50 percent of the cost in the first year. The provision was set to expire at the end of 2012, but has been extended through the end of 2013 (and 2014 for certain types of property).

Work Opportunity Tax Credit. The new law extends through 2013 the tax credits for employers who hire military veterans or individuals from underserved communities that have faced barriers to employment.

Other Small Business Tax Credits. There are a handful of other targeted tax credits that were extended for 2012 and 2013, including: the new markets tax credit for businesses that invest in certain community development entities and other qualified investments; a reduction in the recognition period for S-corporation built-in gains tax; and a reduction in the time from 39 years to 15 over which a business can recover the cost of certain leasehold improvements and restaurant and retail property; among other targeted provisions.

Contact Information

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www.facebook.com/il.sbdc

SBDC Website

<http://www.siue.edu/business/sbdc/>

ITC Website

<http://www.siue.edu/business/itc/>