

**Greenfield  
Business Association**  
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gba@franklincc.org

2007, a very good year

Things to know about

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## Member to Member

### MAGICAL CHILD offers:

**THE FRIDAY NIGHT AND SUNDAY SPECIAL!**  
Now and throughout the summer, take advantage of your GBA membership at **Magical Child**.  
Fridays: 5pm to 8pm...20% off entire purchase

Sundays: noon to 5pm...20% off entire purchase.

Now through August, 2007.....full price merchandise only. Consignments excluded.

### CAFÉ KOKO offers:

**GBA members only:** For the Month of April bring your creative tapas recipes to Gene and get a free Coffee Drink in exchange.

## Green Fair 2007

Greenfield Business Association is hosting the 4th annual Green Fair. This one day (Saturday, April 21st) event showcases green products and services that can be incorporated into your better living plans. We are collaborating with the Franklin County Better Living Show held at the Franklin County fairgrounds on April 20-22. Exhibitors and educators, friends and the curious will appreciate this selection of ways to bring green into your homes and businesses. Free admission.

### April GBA Meetings

- 3-Retail Marketing Committee-8:30am
- 5-GBA Events Committee-10:00am
- 5-Green Fair Committee-3:00pm
- 10-GBA Board Meeting-8:30am

# G-Biz



Greenfield Business Association

Doing business together in Greenfield  
Since 1922

Greenfieldbusiness.org

April 2007

## **What Matters to You Department**

### Retail Marketing Plan

For many years the GBA has been offering local retailers the opportunity to be included in a cooperative marketing plan that enhances the draw of shoppers to Greenfield. There have been many variations over the years on what exactly constitutes THE plan. It has included discounted pricing on annual advertising in print; events designed to encourage shoppers; and this year the committee is dedicated to making a considerable splash with some new twists. We are still tweaking the final result and will be letting all Greenfield businesses know about the possibilities asap. Remember, the whole is as good as the sum of it's parts. We need to work together to create the positive image of Greenfield that we know is possible! Join in!

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### Kick our Butts Day

The Greenfield Business Association is really excited about this one! On Wednesday, March 28th the Greenfield High School students are planning to raise awareness about the effects of cigarette smoking. The GBA is planning to pick up on this and take it a step further with a

*Kick our Butts* event that will serve two purposes; 1)continue to bring the word to the streets about the negative health affects of smoking on all of us and 2) clean up the Main Street area of cigarette butts. This will be a good event to begin thinking about how to keep the streets clear of cigarette butts and other trash. Keep in touch for the date of this event!

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### Summer and Fall Progressive Dinners

This is beautiful! On a lovely summer night picture bringing new friends downtown for a five course dinner and walking tour of Greenfield (after all the cigarette butts have been cleaned up, of course). Start at the GBA office with a welcome glass of champagne and savory bite from a local caterer, then stroll down the street, stopping at various restaurants for a course and being treated to an amusing and informative building history tour of the Main Street area. You'll be in a group of 20, so it's a great date night. Keep tuned in to GBA activities to find out more about these events on July 12 and October 7.

## Tax Time Tips April 2007

How tax savvy a businessperson you are has a great effect on how much money is in your pocket at the end of the year. You probably know that the tax code allows you to deduct costs of doing business from your gross income. What you are left with is your net business profit. This is the amount that gets taxed. So knowing how to maximize your deductible business expenses lowers your taxable income. To boot, you may enjoy a personal benefit from a business expenditure -- a nice car to drive, a combination business trip/vacation and a retirement savings plan -- if you follow the myriad tax rules. The balance of this article deals with the best ways to get the biggest business expense deduction bang for your buck.

### Business Operating Expenses

We won't burden you with a lot of tax code sections, but hear us out on this one. IRC § 162 is the cornerstone for determining the tax-deductibility of every business expenditure. It is fairly lengthy, but the first hundred or so words are the key:

*"Internal Revenue Code § 162. 'Trade or business expenses.' '(a) In general. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including*

*"(1) a reasonable allowance for salaries or other compensation for personal services actually rendered;*

*"(2) traveling expenses (including amounts expended for meals and lodging other than amounts which are lavish or extravagant under the circumstances) while away from home in the pursuit of a trade or business; and*

*"(3) rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity."*

Section 162 goes on -- and on -- but the rest of it deals with specific items that can't be deducted. Those with relevance to small businesses are covered later. Other code sections contain specific rules for deducting purchases of assets used in your business -- machinery, cars and a thousand other things.

In most cases, a legitimate business expense under IRC § 162 is obvious. In some cases, such

as outlays for travel, the IRS provides specific instructions for determining whether or not an expense is "ordinary and necessary." This is often done through various IRS publications ("pubs") and "regulations."

Like the rest of the tax code, IRC § 162 is far from crystal clear. Starting with the meaning of "ordinary and necessary," we suspect that things could go wrong for us. The tax code doesn't define either "ordinary" or "necessary." Instead, federal courts have tried to figure out what Congress intended and apply it to a particular set of facts. "Ordinary" has been held by courts to mean "normal, common and accepted under the circumstances by the business community." "Necessary" means "appropriate and helpful."

Taken together, the legal consensus is that "ordinary and necessary" refers to the purpose for which an expense is made. For instance, renting office space is ordinary and necessary for many business folks, but it is neither unless it is actually used in running an enterprise for profit. Given these broad legal guidelines, it is not surprising that some folks have tried to push the envelope on "ordinary and necessary" business expenses, and the IRS has pushed back. Sometimes a compromise is reached, and sometimes the issue is thrown into a court's lap.

**The laugh test.** Tax pros frequently rely on the "laugh test": Can you put down an expense for business without laughing about putting one over on the IRS? In an example, the Tax Court laughed the accountant and his yacht (which flew his logo flag--therefore bringing him business) out of court.

### Large Expenses

Because the IRS knows that people don't intentionally overpay for anything, amounts paid aren't usually questioned. However, IRS auditors sometimes object to expenditures deemed unreasonably large under the circumstances.

While the tax code itself contains no "too big" limitation, courts have ruled that it is inherent in IRC § 162. For example, it might be reasonable for a multi-state apparel company to lease a jet

for travel between manufacturing plants, but not for a corner deli owner to fly to New York to meet with her pickle supplier.

### Personal Expenses

The number one concern of the IRS when auditing business deductions is whether purely personal expenditures are being claimed as business expenses. For instance, you can't deduct the cost of commuting to work, because the tax code specifically says this is a personal, not a business, expense. Ditto with using the business credit card for a vacation or cruising the beach in the company car. Because such shenanigans are common, IRS auditors are ever watchful.

Fortunately, you can often arrange your affairs -- legally -- in a way that lets you derive considerable personal benefit and enjoyment from business expenditures.

### SAVE THE DATE

#### May 1 and May 2 for the Green River Visioning Charrette

The portion of the Green River that flows right through Greenfield (from the swimming hole down to Deerfield Street has been pretty much out of sight for years, but not out of mind for a lot of people. A grant has been received by the town to begin discussion with interested parties about the value of that section of the river and what sorts of ideas people have about what could/should be done with that lovely stretch of waterway. The recreational possibilities, the economic engine drive to the businesses in town, the wildlife and preservation issues can all be discussed. Interested? Call Becky at 774-2791 to get on the email list for details.

### Monthly Member Profile:

#### Gene Monette: The guy with the pony tail at Café Koko

You simply can't stay in a bad mood after you have had a chat with Gene Monette at Café Koko. Former Bank teller, ESL teacher, Peace Corp Volunteer and Environmental Sciences Student, this guy has been around! His cheerfulness is what draws you and the level of discussion keeps you involved! We are spotlighting Gene this month because he is the new SOLE owner of your favorite coffee stop. Opened in January 2003, Café Koko has been enjoying revenue increases every year. He likes that Café Koko is where the community comes together for work and pleasure and is planning to build upon that notion. The café will be opening up again in the evening after some new plans for evening food and drink have been put together. Did you even know that Café Koko had beer and wine? Well, think tapas for the summer and stopping by before the movies or heading down to a music event at the Pushkin. Gene is building part of that Greenfield vision. Café Koko will be getting an ART facelift and be sparkling clean for the new season.

Artistic Tendencies? Café Koko will be putting up ceiling art by local folks; stop by at 204 Main Street for the details on the PANEL PROJECT. 774-2772

