GATOR BITES E-NEWS

Dedicated to the DWIT'S of this World

January, 2018

Picture created by Roman Larionov, PCSAVED.COM

"An investment in knowledge pays the best interest" Benjamin Franklin

DWITS

Are you a DWIT? Hum, sounds strange. Do you even want to be a DWIT? DWIT's are exceptional people and you definitely want to be one. A DWIT is someone who:

- **D**oes
- **W**hatever
- **I**t
- **T**akes

DWIT's realize the importance of keeping their life in balance spiritually, family, and professionally.

DWIT's are willing to do the things they don't like doing or are uncomfortable doing.

DWITS recognize the importance of continuous learning. They know they might not be as capable in an area as someone else but they can always be better than they are. They read anything they can find, books, articles, blogs, etc., to help them grow their business or profession.

DWIT's are always in the process of becoming better, more, knowledgeable, more capable, and more competent.

Are you a DWIT? I hope so because if you are you are well on the road to success.

BOOK RECOMMENDTION

Each month I'll recommend a book to help you grow. This month's recommendation is "**How to Lead When You Aren't in Charge**" by Clay Scroggins. Whether you are a leader now or aspire to leadership, this book will give you new insights.

QUOTE OF THE MONTH

"We have each been given a bag of tools, a formless rock and a book of rules. And each must make ere life is flown, a stumbling block or a stepping stone.
- Walt Whitman

Tax Strategy vs. Business Strategy

Tax strategy should be part of your business strategy but should not **be** your business strategy. Tax strategy should **NEVER** take precedence over business strategy. None of us want to pay more taxes than necessary. What do we do? We ask our CPA/Tax Preparer: "how can I pay less taxes?" A common answer is, if you buy this piece of equipment you can take bonus depreciation which reduces your taxable income which reduces taxes. Sounds good right. But, there's always a 'but' isn't there. The question you should be asking is "does purchasing this equipment fit my business strategy?" A good CPA will ask you that question. If they don't, do you have the right CPA/Tax Preparer?

Does that piece of equipment, vehicle, or building fit into your long term business strategy? Do you really need that vehicle? Do you need new equipment or would a less expensive used piece fill the need? What is the ROI (return on investment) of that building/equipment/vehicle? Will the equipment generate enough revenues or reduce operating costs enough to cover its cost?

True story: A company borrowed money to buy a piece of equipment for $450,000 in order to save taxes. Over the next year that equipment generated zero revenues and sat idle while they made monthly payments to the bank. The loan payments not only put a strain on cash flow, but also limited their ability to take advantage of other opportunities they could no longer afford.

By how much will taxes be reduced? Purchasing a $50,000 truck will not reduce taxes by $50,000. Even if the whole $50,000 can be claimed as bonus depreciation, it will only reduce taxable income, not total taxes. If you are in the 28% tax bracket, reducing taxable income by $50,000 may reduce taxes by $14,000 ($50,000 x 28%).

GATOR BITE

Never let tax strategy override business strategy.

Looking for ways to minimize risks in your business? Contact Rockwell Business Solutions for a free consultation. 843-597-4826, rockwell@hargray.com, www.rockwellbusinesssolutions.com

Stay tuned for future editions of Gator Bites e-news. Sign up for Gator Bites at:

http://www.rockwellbusinesssolutions.com/newsletter-signup/

If you have a topic you would like covered in Gator Bites email us at rockwell@hargray.com.