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My name is Margot May and I am part owner of Inspired Media, which publishes the Livingston Business Journal. As a publishing company, we are in a position different from most other small businesses because publications are not subject to sales tax laws and we do not have inventory on which to pay taxes, so the primary tax that affects us is the income tax. We have found it necessary to retain a CPA to help us with tax planning and keep us abreast of the ever-changing income tax law, particularly the complicated laws and regulations pertaining to business expense deductions.

Tax planning for a small business is complicated by the fact that not only do the laws change almost every year, but new tax laws and extensions of expiring tax laws are often not written until late in the year – sometimes in December - and are then published with a retroactive effective date of Jan. 1. This sometimes greatly affects the planning and budgeting our business has done in good faith (and paid our CPA for) but which no longer are applicable under new laws. Tax incentives which were previously in effect were allowed to expire in 2014 and may be reinstated by the end of 2015, but because it is unknown, businesses have to have Plan A and Plan B and try to anticipate if they should or should not buy equipment or otherwise invest in their business and wonder if they will have enough funds to pay their tax bill if the laws turn out to be something completely different.

Our CPA has related to us that further complicating the situation is that the IRS agents don't know their own laws. You can speak to an agent one time and get one answer and speak to another agent another time and get a completely different answer on the same issue. And that's if you can even reach an agent because of their long phone hold times. Many times you are required to search their website and try to interpret the regulations on your own, or to email or write the IRS and wait and wait for a reply.

As publishers, we are also in a position where we talk to our clients each month and work with them on their advertising budgets. We see from them the difficulty that many have in being able to budget their money because they are paying so much in taxes it limits their available funds. They are spending so many hours of their time filling out paperwork to comply with federal taxes and other workplace regulations which take their precious time that should be spent on business and often costs them extra money to consult an advisor – if they can even afford one.

If a business makes a mistake or interprets a regulation differently from the IRS, penalties can be severe. Instead of making complicated laws and then slapping hardworking businesses with penalties, they should put more time and effort into simplifying laws and providing assistance to businesses upfront so they can comply, as most of business owners want to do.

The tax burden is stressful for small business owners because it's difficult to understand the tax laws and expensive to hire an accountant to help you, but the biggest burden is not knowing what the tax law is going to be each year. Further, most business laws are written to benefit big businesses that have paid lobbyists to promote their interests, while small businesses' needs are overlooked.

We would like to see the tax code for small business simplified and laws written well in advance of the applicable tax year and made as permanent as possible so business owners, accountants and their own IRS agents can understand what the regulations are and plan for them.

We would also like to see penalty reform to give businesses a break when they have tried in good faith to comply with the complicated laws.

Furthermore, we would like to see the IRS overhauled and held accountable in the same way small business owners continue to be.

Thank you for this opportunity, Senator Vitter, to share my thoughts on the tax burden on small businesses today.