RRBB ACCOUNTANTS + ADVISORS

We deliver knowledge, ideas and exceptional results.

July 2014

www.rrbb.com

Seven Steps for Improving SEO

Guidance for small-business owners

How do you push your small company's Web site to the top of a Google search? Its position is based on search engine optimization (SEO). For many small-business owners, however, developing this skill is akin to learning a foreign language. Here are seven steps that may help to improve your company's standing:

1. Keyword research: Look for keywords or phrases someone would use to find a Web site in your industry or profession. Then decide which ones to target. Usually, keywords with the highest potential have a high search volume but low competition. Unfortunately, if competitors do similar research, these keywords are of limited value.

2. Technical matters: Search engines use "crawlers" to read your Web site's text and code. If it is difficult for a crawler to decipher content, the ranking will suffer. For better results, keep URLs under 100 characters in length, use hyphens instead of underscores and avoid special characters. Every page should have a unique title tag that is 65 to 75 characters long. The meta description tag should be unique for every page, up to 160 characters long, and contain one to two sentences describing the page. It is also critical for your Web site to contain an XML sitemap that is regularly updated and submitted by using Google Webmaster Tools.

3. Usability: Search engines try to give users results by taking into account the engagement metrics of a Web site. Thus, it is important to focus on improving usability. For instance:

- Clearly label different parts of the Web site so visitors can easily find their way around. Make key areas and contact information easy to spot.
- Work on navigation. Search engines may rank a multitude of a Web site's pages simultaneously so users can access a site from pages besides the home page. Without good navigation, someone might be restricted to a single page.
- Develop the architecture. This is the part of your Web site from which other aspects are built, including form, function, navigation and interface, interaction, and visual design.
- Try to limit each page to 800 words, with the possible exception of blog posts. Content should contain the relevant keywords for the page. The use of unique, keyword-rich text on a page can help improve rankings.

4. Content is still king: Concentrate on producing fresh, lively content that stands out. It may take the form of a company blog; guides and e-books; or infographics, charts or other visual content. This may attract new links to the Web site.

5. Social media: As a sign of changing times, social media should be part of an SEO campaign. Consider these suggestions:

- Establish goals for social media.
- Know and recognize your target audience.
- Select your social media channels.
- Connect with people who have many followers.

- Develop a social media posting plan.

6. Linking: Links increase the credibility of a Web site. The total number of links is important, but you should also feature links from a range of diverse and popular domains. But remember that the main search engines have strict rules against unnatural or paid links. Encourage links from trustworthy sources.

7. Delegation: Designate responsibility for SEO to a qualified person in your organization. In some cases, it may be beneficial to use an outside consultant.

When appropriate, rely on your business advisers for referrals. Do what it takes to move your business to the top of the list and stay there.

Return to top

Who Needs Key-Person Insurance?

Valuable benefits for business owners

Practically every business owner will tell you that it takes more than one person to build a profitable business. It's likely that several "key employees" will contribute to the success of an operation. However, while a business owner may be careful to make sure that he or she is adequately insured, the need to protect the business against the loss of a key employee is often ignored.

Fortunately, there's a relatively easy way to safeguard the business. Appropriately enough, it's called "key person" insurance.

Typical situation: A company takes out a life insurance policy on someone whose presence is considered crucial to the business operation. In some cases, the proper insurance protection can mean the difference between solvency and bankruptcy for the business. The life insurance proceeds from the policy could be used for any or all of the following purposes:

- Finding, hiring and training someone to take the place of a deceased worker
- Paying bills to maintain the company's good credit rating
- Paying off business loans, which lenders may call after the death of an owner/officer
- Making up for the loss of revenue caused by the subsequent disruption to the business

Who should be covered by a key-person policy? Start with the owner and president of the company. The rest of the group depends on the type and size of the business. For example, it may be worthwhile to insure a top salesperson, creative talent or frontline manager.

Premiums are generally not tax deductible. However, when the key person dies, the business receives the proceeds of the policy tax-free. In addition, the life insurance proceeds generally are not part of the key person's estate. But if he or she is the sole or controlling shareholder, the proceeds may be taken into account for determining the value of the stock for estate tax purposes.

Finally, as long as there is a legitimate business reason for the insurance, the business should be able to avoid any accumulated earnings tax problem.

What happens if the key person leaves the firm for some reason? Generally, there are three options for the business owner to ponder. The company may (1) sell the policy through a life settlement broker, (2) transfer the policy to the key person or (3) surrender the policy for its cash value.

With the proper planning, you should be able to cover all the life insurance needs of your business. Consider this to be an important aspect of the business-planning process.

Return to top

Beware These “Dirty Dozen” Tax Scams

IRS updates its list for 2014

The IRS recently released its “dirty dozen” tax scams to watch out for in 2014. Here is a rundown of this year’s list:

1. Identity (ID) theft: This occurs when someone uses your personal information, such as your name, Social Security number (SSN) or other identifying information, without your permission, to commit fraud or other crimes.

2. Telephone scams: Someone may pretend to call from the IRS or another government agency as a way of stealing money or your identity. Among the many variations, the caller might say that you owe money or you are entitled to a tax refund.

3. Phishing: The scammer sends an unsolicited e-mail or uses a fake Web site to coerce victims into providing personal and financial information. This often results in ID theft or other fraud.

4. False promises of inflated refunds: Scam artists routinely pose as tax preparers during tax time, promising large or unexpected tax refunds. They may use flyers, advertisements, phony storefronts or word of mouth to find targets.

5. Tax return preparer fraud: Most tax return preparers provide honest service to their clients. But some unscrupulous preparers prey on unsuspecting taxpayers, and the result can be refund fraud or ID theft.

6. Hiding income offshore: Numerous individuals have tried to evade taxes by hiding income in offshore banks, brokerage accounts or nominee entities and then using debit cards, credit cards or wire transfers to access funds.

7. Impersonating charitable organizations: It is common for scam artists to impersonate a charity to obtain money from taxpayers. Some may contact people by telephone or e-mail claiming to work for the IRS or another official organization.

8. False income, expenses or exemptions: To maximize refundable credits, another scam involves inflating or including on a tax return income that was never earned as wages or as self-employment income.

9. Frivolous arguments: Promoters encourage taxpayers to make unreasonable claims to avoid paying tax they owe. The IRS has posted a list of frivolous tax arguments.

10. Falsely claiming zero wages or using a false Form 1099: This is an illegal way to cut a tax bill. Typically, a Form 4852 (Substitute Form W-2) or a “corrected” Form 1099 is used to fraudulently reduce taxable income to zero.

11. Abusive tax structures: Sophisticated strategies may take advantage of the financial secrecy laws of some foreign jurisdictions and the availability of credit and/or debit cards issued from offshore financial institutions.

12. Misuse of trusts: Unscrupulous promoters continue to urge taxpayers to transfer large amounts of assets into trusts. These assets include not only cash and investments but also successful ongoing businesses.

Caution: The “dirty dozen” tax scams can trigger penalties and interest—even criminal prosecution. Keep your wits about you, and use a healthy dose of common sense.

Return to top

Unlock Tax Deductions for Mortgage Interest

Key tax shelter remains intact

Congress keeps threatening to chip away at the deduction for mortgage interest. In some instances, even an outright repeal has been advocated. However, at least for the time being, the basic rules for deductible mortgage interest—known formally as “qualified personal residence interest”—are still in place.

Background: There are two basic types of mortgage interest that may be deducted on your tax return. Each one has a limit.

1. Acquisition debts: You may fully deduct the mortgage interest paid on loan proceeds used to buy, build or substantially renovate a home if the loans are secured by either your principal residence or one other home (e.g., a vacation home). But the total principal amount of the acquisition debts cannot exceed $1 million.

2. Home equity debts: When permitted by state law, you also may fully deduct the interest on home equity loans secured by a qualified residence. The total amount of these loans is limited to $100,000. Also, the amount cannot exceed your equity in the residence (the home's value minus other loans). With a home equity loan, you can use the loan proceeds any way you see fit.

Any mortgage debt existing prior to October 14, 1987, known as "grandfathered debt," is treated as acquisition debt, regardless of the amount. The mortgage interest on post-October 13, 1987, acquisition debt is deductible on debts up to $1 million; the interest on home equity debt on debts up to $100,000.

Note that special rules apply to "points" paid to obtain a mortgage. (A point is equal to 1% of the borrowed amount.) The points may be currently deductible as mortgage interest if they were paid to purchase, build or improve a qualified home, but points on a refinancing must be deducted over the life of the loan. For instance, if you refinance your $150,000 mortgage with a 15-year loan this year and pay two points, or $3,000, to obtain a more favorable rate, you can deduct $200 in points annually ($3,000 ÷ 15).

Furthermore, be aware that the "Pease rule" may reduce certain itemized deductions, including the deduction for mortgage interest, claimed by high-income taxpayers. The reduction is equal to 3% of the excess adjusted gross income (AGI) over a specified dollar threshold (but not by more than 80% overall). The AGI threshold for the Pease rule in 2014 is $254,200 for single filers and $305,050 for joint filers.

Final words: Do not take anything for granted. Check with your tax advisers to ensure that you are maximizing all the tax benefits of home ownership.

Return to top

Facts and Figures

Timely points of particular interest

Who's the Boss?—An employee sued his employer, a state agency in North Carolina, for bypassing him on promotions, unwarranted discipline and other alleged abuses. He added his managers as defendants to the lawsuit. **Reason:** The worker claimed they violated state law through negligence and intentional infliction of emotional distress. Because the district court is allowing the case to proceed, the managers may be held personally liable.

Severance Payments—The U.S. Supreme Court has finally closed the books on a long-standing tax controversy. In a new ruling, the top court decided that severance payments were subject to payroll tax, reversing a lower court's decision. The severance was paid to employees when they were fired, it varied based on job seniority, and it was not linked to state unemployment benefits. **Result:** The severance payments constitute taxable wages.

Return to top

Is Retirement Confidence Lagging?

How confident are you that you have saved enough for retirement? The Employee Benefits Research Institute (EBRI), an independent research firm, recently released the results of its 24th annual Retirement Confidence Survey.

According to EBRI, only 18% of the current workers it interviewed were "very confident" they would have enough money to live on comfortably in retirement, while 24% were "not at all confident." These numbers show only a slight improvement from the prior year and are significantly lower than the years before 2008.

Return to top

RRBB Accountants and Advisors

SOMERSET OFFICE
265 Davidson Avenue, Suite 210
Somerset, NJ 08873-4120
908-231-1000

MAPLEWOOD OFFICE
111 Dunnell Road
Maplewood, NJ 07040
973-763-6363

info@rrbb.com
www.rrbb.com