



Will Limkemann

**LIMKEMANN BUSINESS ADVISORS**  
Pointing your business in the right direction

589 Debbington Drive  
Bay Village OH 44140  
440-871-0976  
will@limkemann.net  
www.neobizadvisor.com

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# smart **Business** matters

Advice for Success!™

## Are your business trips “taxing?”

A little knowledge can help you to maximize your travel deductions.

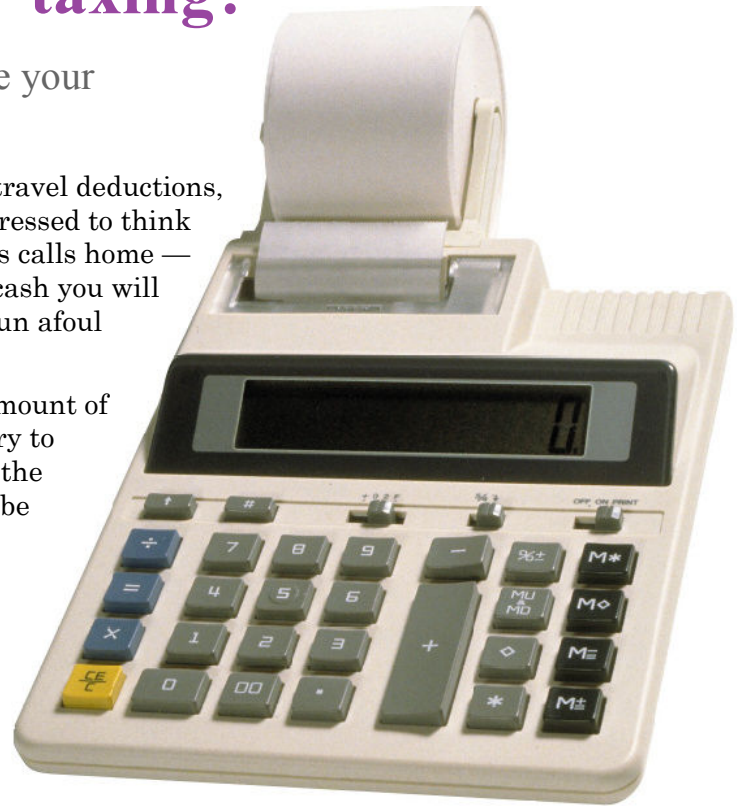
There are worse things than determining permissible travel deductions, but after navigating tax guidelines, you may be hard pressed to think of any. However, no matter what country your business calls home — the more you know about travel allowances, the more cash you will keep in your pocket, and the less likely you will be to run afoul of the tax man.

**Business or pleasure?** Tax codes and the type and amount of travel deductions businesses can take vary from country to country, but one crucial question remains the same: is the trip for business, or pleasure? Your accountant should be able to help you determine acceptable deductions. Information can also be found on the IRS website.

**Transportation and lodging.** Airfare, train, or auto expenses for travel are generally deductible, although how you calculate those deductions varies. The cost of lodging while on business is also a deductible expense, and meals and entertainment, if business related, may also be deductible.

**Meals.** Meals are deductible up to 50% and only if your trip is overnight or long enough that you need to “stop for sleep or rest to properly perform your duties.” Sorry, a nap in your car does not count. You can use a standard meal allowance instead, and the IRS outlines acceptable per diem meal rates in publications such as Publication 1542, Per Diem Rates.

**Other costs.** Tips, cab fare, and other costs of doing business, such as phone calls and faxes, may also be deductible. If the costs are generated by personal activities, they may not be, but look for exceptions.



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# Keep Your Travel Expenses Low

According to a recent survey by the National Business Travel Association, this year's travel forecast calls for increases in airfare and hotel rates. Take steps to cut costs.

**Don't rule out the use of a travel agent.** Compare prices between web sites that offer savings on airfare, but don't ignore other sources. Your travel agent or travel club may also be able to provide you with discounted flights and other money saving options. Sometimes an airline's website can also offer special low fares, and some low-cost carriers can only be booked directly.

**Book hotel rooms directly.** While it is possible to save money by booking rooms through a discount travel site, be sure to check room rates directly with hotels in your destination city. You may find a better room at a decent price by booking directly through the hotel.

**Weekend travel can lower airfare fees.** Business travelers usually experience higher fees, and weekday travel can raise red flags (and expenses) for both airfare and hotels. You may be able to save money by flying in or out on a weekend day. While air and hotel expenses may not be fully deductible for those extra days, you may save money and be able to enjoy a mini-vacation.

**Book ahead.** This year, with an increase in travel anticipated, you are likely to save more by booking ahead, but keep abreast of travel trends. A downturn in travel may mean more last-minute savings opportunities.

**The fly-way or the highway?** Until national airfares rise, it will often prove cheaper to fly than drive, especially for longer distances. Trips of less than 500 miles may be more cheaply navigated by car or train, however. When comparing expenses, be sure to factor in costs such as gas, tolls, meals, and time spent on the road.

**Go off the city grid.** Avoid more popular and congested airports in favor of an airport outside of the city, especially if they are serviced by a transit system. Save money by staying in hotels near the airport or outside the city. Whenever possible, save money on parking fees by using local transportation.



**You may want to pass on car-rental insurance.** Who hasn't been frightened into buying car rental insurance? But check with your insurance agent before purchasing more insurance; chances are you are covered by your existing policy. Some credit card companies may also provide coverage if you use their card to purchase the rental, so read the fine print!

## Crossing the Border?



**You may need more than your driver's license and birth certificate.**

As of January 23, regulations for border crossings between the U.S. and Canada, Mexico, and the Caribbean are changing. U.S. citizens traveling by air will now need a passport to cross the border, and by 2009, the same regulation is expected to apply to those traveling by car or boat.

In addition to these new regulations, U.S. citizens applying for passports will receive an electronic passport with an embedded data chip designed to prevent document forgery. The new "e-Passport" was instituted in some areas of the country this fall and will be available throughout the U.S. by spring. Other nations have also begun or will soon begin to issue similar passports. As always, check to make sure your passport has not expired, that your emergency contact information (in pencil) is current, and make a copy of your passport to pack in case yours becomes lost.

## It Pays to Coordinate Out of Town Meetings with Several Clients

When allocating deductible business expenses, it's worthwhile to ask what counts as a business day. In the U.S. business days include days spent traveling to and from your business destination. Use a reasonably direct route and eliminate expenses for personal side trips and activities.

Days you are required to be at a particular place for a particular purpose (i.e., for a meeting or consulting services in your customer's office) are business days, even if you only spend two or three hours on business activity and spend the remainder on personal activities.



Weekends and holidays may also be considered business days if they fall in between business activities. If you have business activities scheduled in the same area on Friday and the following Monday, Saturday and Sunday may count as business days, so airfare (and possibly lodging) might be fully deductible. As always, be sure to consult with your accountant about allowable deductions.

## Surfing without Wires?

Be sure to set up your safety net! If you're thinking about going wireless, be sure to secure your network, computer, and laptop from thieves.



**What is Wi-Fi?** Wi-Fi is an abbreviation for "Wireless Fidelity", the most common type of WLAN or "Wireless Local Area Network" standard. It is used to refer to 802.11-based technologies, such as 802.11a, 802.11b, and 802.11g, that have been developed by the Institute of Electrical and Electronic Engineers (IEEE), an organization that develops standards for electronic and electrical technologies. A new standard, 802.11n (expected to be four to eight times faster than any previous standard) should be certified this year. It's like a multi-channel walkie-talkie for computers.

**Don't Neglect Security.** Wi-Fi is evolving and changing all the time, but the complexity of dealing with a wireless network often leads people to neglect wireless security issues. Many American wireless home networks lack protection from outside intruders, and it is estimated that as many as 80% of America's home wireless networks will be classified as "unsecured" by 2007. In 2005, an RSA Security survey of wireless networks in Frankfurt, London, San Francisco, and New York found that a third of the users had shut off basic security features.

**Do your Homework.** Research and be sure you buy the hardware and software necessary to keep your information safe if you plan to go wire-

less. You should enable an encryption technology, such as WPA, on your network to allow for protection of data flowing between your computer and wireless access points, and you can also restrict access to your Wi-Fi network. If you have no network security, an information thief operating nearby can connect to your router or hub and potentially gain access to files on all computers connected to it.

### Take Precautions on the Road.

Now that public Wi-Fi spots are becoming more popular for laptop users, they are also becoming more popular for credit card and identity thieves. Be careful when logging on through public wireless sites; they often do not provide secure access. Do not connect to your more data-sensitive sites or a company network unless you are using enterprise-level security tools. Of course, you still need to protect your computer from physical theft as well.

For more information on Wi-Fi, you can begin with a visit to the Wi-Fi Alliance®, a global, nonprofit industry association that promotes the growth of WLANs, at <http://www.wi-fi.org/index.php>. On their site, you will also find the "Wi-Fi Zone" which lists wireless service access points and their providers around the world.

## All business, no play

If your trip is entirely for business, expenses are usually fully deductible. For instance, in the U.S. if your travel takes you out of the country for the sole purpose of business and the entire time is spent on business activities, then airfare and accommodations are fully deductible, and the allowable meal percentage can be taken. Again, look for exceptions. In the U.S. there are four “exceptions” which may bring your business trip under the category of “considered entirely for business” — you have no substantial control, are outside the U.S. for more than a week, spend less than 25% of time on personal activities, or vacation was not a major consideration.

## Mostly business with a mix of vacation

What if your trip is primarily for business, but you’ve decided to take some vacation time? If that’s the case, you must allocate your expenses. If primarily for business, your travel expenses must be allocated on a day-to-day basis between personal and business days. Generally if you spent 10 out of 15 days on business, then you may only be allowed a 10/15ths deduction on round-trip airfare.

Some websites that list the nuances of business travel deductions are: in the U.S., [www.irs.gov](http://www.irs.gov), and in Canada, the Canadian Revenue Agency site, [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca).

# Hello, My Name is ...

The easiest and quickest marketing tool, and often the first impression a customer may have of you, is about 3.5” by 2”, and it is probably the most often overlooked. Using your business card as a marketing tool takes a little forethought and just a few seconds of your time.



**Have your card printed professionally.** Avoid using “do-it-yourself” perforated, laser or inkjet printed cards. They do not have the professional edge that a printer and designer can provide. A designer and printer can help create a unique look and suggest a quality card stock.

**Maximize space.** It costs very little to print on both sides of a card, so consider using the back of your card as well. Include all personal contact information on the front, your logo (if you have one), and a short tagline that highlights a specialty or strength. Use the reverse side to inform customers about what you do and why they should use your services.

**Hand out two cards, or more.** If you’re handing out a card to a client or future customer, why not make it two or three? Ask them to pass your card along to a friend or business acquaintance who may need your services. Hand out cards to friends and family, business contacts and associates. The cards will do more for you in the hands of others than they will if they remain in your back pocket.

**Mail it.** With every letter you mail, mail one or two business cards. This keeps your name in your customer’s hands and also gets your name in the hands of future customers.

**Business Card Etiquette:** Did you know that it is considered impolite to write on someone’s card before asking permission, especially in Asia? Always hand someone your card, and use two hands if possible. When receiving a card, it is considered good form to take a moment to read it before putting it in a safe place.



Will Limkemann is an Accredited Associate of the Institute for Independent Business