

New 'made-in-America' deduction applies to domestic producers

This year is the first that business owners can take the so-called made-in-America deduction. It offers a tax deduction on income of eligible companies that produce goods in the United States.

The deduction was part of the American Jobs Creation Act and announced last October, but many owners promptly forgot about it because 2005 is the first year it applies, says Carrol Gatlin, a CPA and partner at accounting firm Freeman Wehmhoff Gatlin in Plymouth.

Companies eligible include construction firms, builders, manufacturers, farmers, and some entertainment/service companies if they produce software, ads, etc. at home. "In essence it's for production activities inside the United States," she says.

For this year and next year it's a 3 percent deduction, and it climbs to 9 percent in 2010. (Note that it's a deduction, which reduces your tax burden by whatever your tax rate is, not a credit, which reduces your tax burden dollar for dollar, Gatlin explains.)

"The new deduction can be significant, but there's a catch," Gatlin says. "It can't exceed 50 percent of wages paid to employees."

She says documentation requirements are light, unless companies have multiple lines of business, some that are "made-in-America" activities and some that aren't. "You'll need to show how you allocate the overhead to those different lines," she says.

Gatlin advises that owners talk with their accountants to determine if they qualify and if so how they want to apply this deduction.

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[Quote o' the month]

"I was at the dentist, and she's got her hands in my mouth, and in between scrapings she asked me what I do. I told her I'm an accountant handling mostly taxes. She said, "Oh, that is just so gross. I don't know how you can do that.""

— **Carrol Gatlin, Freeman Wehmhoff Gatlin**, musing on how it's lucky there is some type of career for everybody: 763.545.9950; cgatlin@fwgcpa.com; www.fwgcpa.com

BRANDING

Voyageur I.T. touts unusual legacy as it celebrates 10 years

The voyageurs on the St. Croix a couple of hundred years ago were hard-working, hard-drinking and short — so their legs didn't get cramped on long canoe journeys, says Suzanne McGann.

McGann, president of Voyageur I.T. in St. Paul, is invoking at least part of their example regularly these days as her company marks its 10th year in business.

At her company, they work hard, they take risks, and although they don't over-indulge they "know how to kick back and relax with a beer" from time to time, she said to a group of women she invited to "Ladies Voyageur Day" in July.

The invitation-only event, including a guided canoe trip down the St. Croix, is in its third year, and McGann says it's part of

an overall branding effort that has helped to boost business and differentiate the company from its peers.

Many of her clients are related to the outdoors, such as state conservation departments in Colorado and wilderness adventure groups in Minnesota. One client, Chris Heeter of The Wild Institute in St. Paul, which organizes adventure trips for women, led the Ladies Voyageur Day trip, including playing the flute and pointing out the osprey nest.

McGann also sends out packets of wild rice with favorite recipes from her staff from time to time.

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