

Business booster

Outsourced accounting service can help smooth your operations

INTERVIEWED BY DENNIS SEEDS

Many businesses fail to realize that when they reach \$150,000 in revenue from taxable sales or services, they are subject to a commercial activity tax. And that's not all they may miss, says Dawn M. Gainer, Managing Director of Small Business Services at Skoda Minotti.

"For instance, taxable sales for sales tax purposes and taxable sales for commercial activity purposes are different," she says.

Smart Business spoke with Gainer about leveraging outsourced accounting services to stay focused on core competencies.

What is the top concern of small- to midsize businesses regarding finances?

Businesses are spending too much time on their financials; not just on bookkeeping, but analyzing the numbers when that really is not their area of expertise. Many business owners either don't have the time to work on financials or don't have the expertise to handle the responsibility correctly.

Business owners should spend their time doing what they do best and let consultants help them with functions that lie outside their wheelhouse.

How might accounting services help?

Those who own a business, regardless of its size, have multiple business taxes to consider. If you have employees, there are payroll taxes and workers compensation. If you sell a product or service, it may be subject to sales tax, and once a certain level of sales within Ohio is reached, you are responsible for the Commercial Activity Tax. An accounting firm can serve as a client adviser and help with compliance while also filing and paying any requisite taxes owed by the company.

If a company has fixed assets, the firm can maintain the fixed asset listing, calculating depreciation and other items such as gains or

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losses on disposal of assets. The firm also can help if the company disposes of or purchases assets frequently — guiding it through the financial/tax reporting system.

What other financial management services can firms provide?

Accounting services firms can handle payroll responsibilities for a business or interact with a company's outsourced payroll service. The responsibility for payroll could be split between the two outsourced partners, with the payroll service being responsible for paying employees and the accounting firm responsible for preparing the payroll tax returns. An accounting firm can also work closely with payroll companies to make sure the information that comes from the payroll service is incorporated into the financials of the business correctly, accurately and timely.

What other advantages can a firm offer?

Working with financial experts allows a business owner to focus on what the owner does best — running his or her business. If you are a business owner, sometimes you feel have to be a jack-of-all-trades, and something is going to suffer.

If payroll taxes, sales taxes and commercial activity taxes are not filed properly and timely, there could be significant penalties and interest that accumulate. An accounting services firm can help lessen a business's

income tax burden by ensuring that the company takes advantage of all the business deductions to which it is entitled. A firm will classify things appropriately throughout the year and advise a business on best practices.

An accounting firm can help a company manage its business by providing the right tools: financial statements that are accurate and timely that can be used to analyze the business and offer revenue enhancement, and/or cost reduction strategies. A firm can also offer guidance on reading those financial statements so a business knows — and understands — its financial health at any point in time.

Also, if a company needs to look for bank, other debt or equity financing, the lender is going to ask for a proper set of financials. Often, the lender is going to ask if your accountant has reviewed them thereby adding credibility to the numbers.

Another advantage is that an accounting firm is able to offer different levels of service. You may not need a firm to handle day-to-day bookkeeping, but you would like a monthly or quarterly review of your financial data; that can be arranged. Many firms also offer on-demand support — whenever you need help or have a question, call your firm; together, you'll assess whether it's a routine or complex issue and the firm can offer suggestions or solutions to resolve the issue. ●