

# THE SMALLBIZ BUILDER

Planning For Your Dreams



July 2017

PADGETT BUSINESS SERVICES®

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## This Month:

- 3<sup>rd</sup> Quarter 2017 Due Dates
- Deducting Refinancing Costs
- Delegation is Crucial for Small Business Owners – Part 1

## 3<sup>rd</sup> Quarter 2017 Due Dates

### July 31:

- ◇ *Employers.* File Form 941 for 2nd quarter 2017. File Form 5500 or 5500-EZ for calendar-year 2016 if you maintain an employee benefit plan, or file Form 5558 to request an extension.

### September 15:

- ◇ *Individuals.* 3rd installment of 2017 estimated tax due.
- ◇ *Calendar-year C Corporations.* 3rd installment of 2017 estimated tax due.
- ◇ *S Corporations.* Calendar-year 2016 return due (Form 1120S) if on extension.
- ◇ *Partnerships.* Calendar-year 2016 return due (Form 1065) if on extension.

## Deducting Refinancing Costs

Refinancing your home mortgage can result in some deductions. While points paid to obtain a mortgage to purchase a home are deductible in the year paid as interest, points paid to refinance a mortgage are generally deductible only over the life of the loan. But if part of the loan is new money to be used for improvements, a portion of the points may be deductible in the year paid.

For example, you refinanced an existing loan of \$100,000 and took down an additional \$50,000 to redo your kitchen. You paid \$3,000 in points. Of the total paid, \$2,000 would have to be amortized over the life of the loan, \$1,500 may be deductible in the year paid. In addition, any unamortized points of a previous refinancing can be deducted in the year the loan is paid off. Unfortunately, most of the other costs of refinancing such as an appraisal, legal fees, title costs, etc. are not deductible.

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## Delegation is Crucial for Small Business Owners – Part 1

Many small business owners start out their business doing everything themselves. However, as a company grows, it becomes vitally important to delegate tasks in order to keep it growing, while also allowing you to have a life outside of your business.

**What is delegation?** Delegation is the handing off of a responsibility and authority. In order to effectively delegate, business owners and managers must pair the right task with the right, properly trained person. They should set performance expectations, give the person authority to make decisions, and leave feedback.

**Why should you delegate?** Delegation has several benefits to you, your employees and your business.

### *Benefits to you:*

- Frees up your time to focus on the important aspects of your business
- Reduces stress
- Enhances trust with your employees
- Delegated tasks may be better suited to someone else's skill-set, so the task may be completed better than if you did it yourself
- Develops a successor to take over your job, so you can focus on growing your business

### *Benefits to your employees:*

- Develops employee skills and advances their own careers
- Increases confidence, productivity, morale and career satisfaction
- Makes them feel more involved in the business and increases commitment to the company

### *Benefits to your company:*

- Saves money and time
- Increases teamwork
- Boosts productivity
- Increases efficiency
- Raises workers' skill levels, which will boost a company's long-term success

**Why is it difficult to delegate?** Many business owners and managers have difficulty delegating work to their employees. There are many reasons for this, although they typically fall into these categories:

- *Control.* For those who find delegation difficult because they are too controlling, they usually feel that they're the only ones who are capable of doing the tasks correctly. These managers must remember that their job is to guide the business instead and that an employee can be trained to do a task. A leader should focus only on specific tasks that guide and grow the business.
- *Lack of trust.* Managers who don't trust their employees need to carefully evaluate their team members. Why did you hire your team in the first place? Why did you stop trusting them? Can this lack of trust be rebuilt? Do you need to do more training to develop their skills?
- *Time management.* Business owners and managers who avoid delegation may feel that it's quicker to do the task themselves than it is to train someone to do it properly. This logic has several flaws. For a task that occurs regularly, taking extra time to train someone will pay off in the long run. And without delegation, you create an environment of dependency. If employees aren't able to carry out particular tasks and make decisions on their own, they'll become disengaged and dissatisfied.

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**PADGETT BUSINESS SERVICES®** is dedicated to meeting the compliance, profit & financial government reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.

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