

The Accounting Professionals

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Q Are there any tax benefits available for companies that export their products outside the United States?

A Yes. Georgia companies can make use of an often overlooked export tax incentive which can reduce Federal and state income on exports of products or services by 50 to 100 percent! If your business has either; exported in the United States or, provided engineering services for projects located outside the United States, ordinary income from those products or services (35%) to capital gain income taxed at 15%. Form a U.S. corporation and elect for it to be a tax exempt international sales corporation (DISC). The income is computed using special pricing rules and is not being subject to a 15% capital gain tax when sold to shareholders. If you have questions on setting up a call.

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Q As a business owner nearing retirement, what do I need to know about getting myself and company prepared?

A You should look at preparing a financial plan and a succession plan whether or not you are considering selling your company, as it is one of your most important retirement assets. You should focus on identifying the "value" of your company. These may include: (1) financial metrics; (2) "locking up" key employees; (3) expansion efforts; (4) product mix; and (5) potential exit strategies. We have audited financial statements

Hot market for forensic accounting

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For example, following Hurricane Rita, one of several Category 5 storms that hit the Gulf Coast in 2005, insurance companies were wringing their hands.

"Several insurance companies thought they were getting hosed by the contractors that were cleaning up damaged buildings," recounts Lyn Reagan, a shareholder in accounting firm **Bennett Thrasher P.C.**

Reagan started going through the billing records from the suspect contractors.

"Typically, there is a damage-repair sequence that includes pulling carpets, drying everything out with blowers, repainting and recarpeting," she said. With this sequence in mind, "We checked the records and found things such as contractors charging for running 20 blowers on a site — at the same time they were also supposedly laying new carpet," she said.

And in examining employee time-cards, "we had many instances where individuals were working two 12-hour shifts at the same time — at two different jobs on two different sites," she said.

At the same time, not all forensic accounting gigs wind up uncovering fraudulent transactions, adds Mike Kovacich, a principal with the Atlanta office of **UHY Advisors Inc.**, an accounting, auditing and consulting firm.

"Management often engages us simply when there is a dispute, where

Party A says one thing, and Party B says another," explains Kovacich.

The forensic accountant's task here is to find out what really happened, he said. "A lot of times we find that there isn't intentional misconduct, but that someone just made a mistake in a conspicuous area and caused a lot of problems."

Prevention

The best way for companies to protect themselves from internal fraud, according to Sawyer, is through enforcement of internal controls and separation of duties — the person that can enter employee pay rate and hour-related data should not be the same one that processes the payroll checks, for example.

It also pays to remember what he refers to as the "10/80/10" rule.

"Within any organization, 10 percent of the employees are innately dishonest, and will look for ways to circumvent controls and steal from you," Sawyer said.

At the other end of the spectrum are the 10 percent who, "no matter how loose the controls, have such strong, built-in integrity mechanisms that they will not steal from you."

For that 80 percent in the middle, monetary pressures — resulting from things like medical bills, kids in college and substance abuse — can provide the motivation to steal, adds Sawyer.



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