

Small Business Tax Update

Small Business-Friendly Provisions of the Taxpayer Relief Act of 1997

The Taxpayer Relief Act of 1997 provides a boon to small businesses by providing \$40 billion in tax relief over the next 10 years in addition to the general rate reductions, credits, or exclusions, which benefit all taxpayers.

Many provisions of the bill were recommendations made by delegates to the 1995 White House Conference on Small Business, of which Representative Robert Weygand (D-RI) was a member. Weygand, a member of ASLA since 1980, is the only landscape architect ever to serve in Congress.

During the first session of the 105th Congress, Weygand sponsored bills including 100 percent health insurance deductibility for business owners and modernization of the home-based business tax deduction. The following are a few of the provisions for small businesses contained in the Taxpayer Relief Act of 1997.

Estate Tax Reform

By the year 2006, the unified gift and estate tax credit will increase to exclude the first \$1 million of transferred estate from taxation. Small businesses get a special tax break that, when combined with the unified credit, will increase the excluded amount to \$1.3 million. This credit applies when the family-owned business or farm constitutes half of the value of the estate and the family continues to run the business.

Health Insurance for the Self-Employed

Beginning in 1998, health insurance deductibility for self-employed small business owners will increase incrementally until it reaches full 100 percent deductibility in 2007.

Home Office Deduction

For the purpose of deducting expenses,

the new law expands the definition of home office to include any home office that is the business' sole office and is used regularly for essential administrative or management activities. Previous law required that customers visit the home to generate income. This disqualified most home office workers, who either communicated electronically with customers or met them on site.

Electronic Federal Tax Payments

No penalty will be applied to firms with more than \$50,000 in annual payroll deposits that are required to pay taxes electronically if the firm fails to do so until June 30, 1998.

Editor's Note: The information in this article was provided by Rep. Weygand's office and the Small Business Administration. Remember to check tax information with a tax professional.

ETHICS

Watcha Gonna Do?

Landscape Architecture Ethics

Culating, ASLA, was employed as an associate for a well-known landscape architecture firm. While in this capacity, he served as field supervisor for a large number of projects. Ultimately, Culating left the firm to form his own professional practice.

His former employer soon learned that Culating was telling prospective clients that he had been the principal designer on a number of major projects handled by his former employer. What's more, he omitted any reference to his former employer when mentioning his work experience.

Watcha Gonna Do?

Is Culating bound by ASLA's Code and Guidelines of Professional Conduct to include his former employer in his work experience, and accurately state the capacity

in which he was employed?

Recommendation of the Ethics Committee

The Ethics Committee applied to this case rules from Canon I, "Professional Responsibility," of the ASLA Code and Guidelines of Professional Conduct.

By failing to make any reference to his former employer, the committee found Culating in violation of Rule 1.104, which states in part, "Members shall recognize the contributions of others engaged in the planning, design, and construction of the physical environment, and shall give them appropriate recognition and due credit for their professional work . . ."

By misrepresenting the scope of his former employment, Culating violated rules 1.105 and 1.107. Rule 1.105 states in

part, "Members shall not mislead, through advertising or other means, existing or prospective clients . . ." Rule 1.107 states, "A member shall faithfully, without exaggeration, misleading, deceptive or false statements or claims, inform the client, employer, or public about personal qualifications, capabilities, and experience. Members shall not take credit for work performed under the direction of a former employer beyond the limits of their personal involvement and shall give credit to the performing firm."

Editor's Note: One of the objectives of the ASLA Ethics Committee is to educate members about the ASLA Code and Guidelines of Professional Conduct. The code contains important principles relating to duties to clients and to members of the Society.