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J Leif Jensen and Associates

Newsletter

October, 2016

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Useless Information:

Halloween was originally a Celtic holiday celebrated on October 31.

You share your birthday with at least 9 million other people in the world.

Quick Links

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Greetings!

We have recently updated our website so be sure to stop by and take a look.

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Illinois Business Law and your LLC

As of July 1, 2016, Pub. Act 099-0637 became effective amending 805 ILCS 180 et seq.

What does that mean? It means that now all LLCs are member managed unless the operating agreement specifically states otherwise. The operating agreement must also express provide that an LLC will be manager-managed, or that the management of the company is vested in managers.

This amendment now allows all members to request records and other extensive changes governing laws for LLC's.

It is likely that your operating agreement needs to be amended for these changes. We recommend that you contact your attorney to assist with the modifications. If you need an attorney reference, please call our office for a recommendation.

Basis After a Partial Sale

Dates to Remember

- Third Quarter 941's due
- Third Quarter IDES due

This Month's Featured Service

Audits, Reviews and Compilations

We provide attest functions to clients based upon their needs or requests from banks, funders, Board of Directors or governmental agencies.

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The calculation of basis has always been required and sometimes not as clear to some as it should be.

When you take on an investor and sell a portion of your company, you are giving up your rights to those shares and possibly your autonomy to run the business as you had.

Unless that cash is reinvested into the company, your basis is diminished. If your basis was barely positive to begin with, any further losses may not be deductible.

Say your initial basis was \$1,000. The first year you lost \$600 which was deductible for you, then your basis is \$400. You lose \$200 in the second year, your basis is now \$200.

Selling any percentage of the business will have significant impact on your basis.

To discuss your basis and its calculations give us a call.

Nexus

Before Tim Berners-Lee invented the World Wide Web for the Internet, a business's location was generally limited to its brick-and-mortar office or storefront. The WWW and the internet are now considered one and the same, by most. Allowing the Internet to create new options for operating a small business. It is now possible to operate a multimillion-dollar global business from a single location, crossing multiple taxing authorities.

"Nexus" is defined as a significant physical presence, but in terms of sales and use tax, the definition is more mutable and vague. The term has been used to describe a business's presence within a jurisdiction in order to determine its tax payment and reporting requirements.

Consequently, online sales and marketing can activate a type of nexus referred to as an "attribution nexus," which occurs when businesses in different states link their websites together to direct online traffic to each other through affiliate or reseller programs. Unfortunately, many business managers are unaware that simply paying to link their business website to an affiliate website can create "clickthrough nexus" in the state where the affiliate has nexus.

States and the federal government are consistently looking for means to tax and collect funds from those who exist beyond their state lines. The taxing of others beyond the state lines is always a formidable campaign approach for politicians.

Know where your clients are located and how they became your clients. The information may be required to fight a nexus claim from another state.

-Leif Jensen

Featured Client



White Lotus Chiropractic of Oak Park is dedicated to non-surgical and non-prescriptive health care options, with a resounding respect for the mind-body connection. Restoration of balance in the mind, body and spirit is the main goal of our center, utilizing the benefits of many types of physical medicine, including chiropractic medicine, acupuncture, massage therapy and yoga to manifest and sustain this balance. We are dedicated to providing effective, comprehensive and inspired health care options to anyone with a desire to optimize their quality of life and maintain their overall wellness through effective natural methods. Restoration of Health. Promotion of Wellness. Celebration of Spirit.

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