

Relocating Businesses May Prove To Be Big Savings Opportunity

RALEIGH - As small business failures continue to increase, surviving companies should look for every savings opportunity. One way could be to relocate. The North Carolina Association of CPAs points out that by rehabilitating older buildings or moving into an historic district, you may qualify for money saving tax credits.

Since the first incentives for historic preservation were offered in 1976, approximately 3,000 projects have qualified for federal aid. Although incentives were limited to certified historic buildings, revisions in the law in 1978 and again in 1981 broadened the spectrum to include tax credits for newer buildings, built as recently as the 1950's.

What does all this mean to the small business owner? The extent of how the law affects you, explain CPAs, depends on how old the building is, how much rehabilitation is done and

whether it is commercial or residential property.

An investment tax credit (ITC) of 25 per cent is applicable only to certified historic structures and will probably not apply to a great number of businesses although over 24,000 such structures do exist. These buildings are listed on the National Register of Historic Places or exist in a registered historic district where they contribute historic significance, as determined by the National Park Service.

If, however, you rehabilitate a building which is not a certified historic structure but is 30 years or older, you may be eligible for a tax credit of 15 per cent. Buildings 40 years or older can qualify for a 20 per cent credit.

To qualify for the tax credit, CPAs note, the rehabilitation on your building must be substantial. These costs must exceed the greater of \$5,000 or the adjusted basis of the

building (cost of the building minus depreciation plus capital improvements). Minor repairs will not qualify for the ITC.

Buildings that are eligible include warehouses, factories, office buildings, stores and other business structures, including hotels. Apartment buildings and residences may qualify, if converted to business use.

Rental units are one area you might investigate if you're interested in historic buildings.

For example, if you operate a real estate office out of a 30-year-old building that needs major repairs, you may be eligible for a 15 per cent investment tax credit. That means you can deduct 15 per cent of the rehabilitation costs from

your tax bill. First figure the adjusted basis of the building, excluding the land cost which is not depreciable. If you paid \$70,000 for it five years ago and gave it a useful life of 20 years, you depreciated \$3,500 per year. That's a total of \$17,500 and the adjusted basis would then be \$52,500. Your rehabilitation costs must

exceed this amount. If your expenses for rehabilitation total \$60,000, you could use a 15 per cent tax credit of cost or \$9,000. And the amount of your tax savings increases when you consider your continued depreciation of the original cost.

CPAs warn that except for certified historic structures, the depreciable amount

subject to cost recovery must be reduced by the amount of the ITC—in this case \$60,000 minus \$9,000 leaves \$51,000. Since the ITC has been used, a straight line method of depreciation must be employed. If you elect the minimum 15-year cost recovery period for the \$51,000, then your cost recovery deduction for the amount expended for

rehabilitation totals \$3,500 per year for a total first year deduction of \$6,900.

Since historic preservation structures and their rehabilitation are guided by the National Park Service, the Department of Interior and the IRS, CPAs advise investigating what programs you are eligible for before you begin to invest.

Students' Thoughts On Edenton

The following poems were written by two 5th grade students at Swain Elementary. Their teacher is Mrs. Diane Germanaro.

Edenton

Edenton is historic
and very, very old.
But in the winter,
it is very, very cold.
Edenton is quiet
so you won't find a riot.
But Edenton is boring
so you may find kids snoring!
by Lisa C. Rountree

Edenton

Edenton lights up at night,
Everything turns so bright,
It's just like the morning light,
to see Edenton shine at night.
The people here are never alone,
not unless they leave Edenton
and their home.
I like night at Edenton best!
So I can lie down and get some rest.
by Stacy Jethro

Social Security: SSI Changes

By Lee Wallio
Field Representative

Starting this month, the way Supplemental Security Income (SSI) payments are figured has changed.

Under the old law, the amount of the SSI payment due a person was figured on the basis of calendar quarters, 3-month periods starting January, April, July, and October.

The person's total income for the quarter was totaled and averaged and the SSI payment determined accordingly.

Sometimes this caused an unfair burden for a person whose income changed late in a calendar quarter.

The changed income counted for all 3 months of the quarter and as a result, the person had an overpayment which had to be repaid or deducted from future payments.

Starting this month under the new law, SSI payments will be figured on a person's past month's income.

That past month will be 2 months before the payment month.

For example, the income

a person had in April will be used to figure how much he is due for June. May income will count for July's payment, and so on.

This new method will help reduce the number of overpayments that have occurred in the past.

But, it is even more important that people receiving SSI payments make prompt reports of any change in their income, resources, living arrangements, or disability status.

People should also remember that any change in income will result in their SSI payment being affected 2 months later and budget their funds accordingly.

Although SSI is administered by the Social Security Administration, funds for the payments come from federal general revenues, not from Social Security taxes.

More information about SSI reporting and payments can be obtained from the Elizabeth City Social Security office by calling 338-2161.

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<p>\$2.19</p> <p><small>Package of 6 - 12 Oz. Cans</small></p> <h2>Miller Beer</h2> 	<p>\$3.89</p> <p><small>1.5 Liter - Rhine, Chablis, Rose, Burgundy</small></p> <h2>Taylor California Cellars</h2>	<p>\$3.59</p> <p><small>1.5 Liter - Burgundy, Hearty Burgundy, Vin Rose, Rhine, Chablis Blanc, Red Rose, Pink Chablis, Chianti</small></p> <h2>Gallo Wine</h2> 	<p>\$1.19</p> <p><small>16 Oz. - 8 Bottle Carton</small></p> <h2>Pepsi Cola</h2> 
<p>89¢ <small>22 Ounce</small></p>  <h2>Lux Liquid</h2> <p><small>Why Pay \$1.39</small></p>	<p>99¢ <small>32 Ounce</small></p>  <h2>Duke's Mayonnaise</h2> <p><small>Why Pay \$1.35</small></p>	<p>79¢ <small>6.5 Oz. - Light Chunk In Oil</small></p>  <h2>Star-Kist Tuna</h2> <p><small>Why Pay 99¢</small></p>	<p>99¢ <small>12 Oz. - Large</small></p>  <h2>Jeno's Pizza</h2> <p><small>Why Pay \$1.29</small></p>
<p>\$2.99 <small>96 Oz. - 40+ Off Downy</small></p>  <h2>Fabric Softener</h2>	<p>99¢ <small>32 Ounce</small></p>  <h2>Del Monte Catsup</h2>	<p>\$2.99 <small>84 Ounce</small></p>  <h2>Fab Detergent</h2>	<p>89¢ <small>400 Sheets - 4 Roll Pack - Coronet</small></p> <h2>Toilet Tissue</h2>
<p>\$1.29</p> <p><small>12 Oz. - American Sliced Singles</small></p> <h2>Borden Cheese</h2>	<p>5/\$1.00</p> <p><small>6.5 Oz. - Liver & Beef Bits-O-Kidney, Beef & Heart Simmered Supper Cat Food</small></p> <h2>Kal Kan</h2>	<p>49¢</p> <p><small>1 lb. - Margarine Quarters</small></p> <h2>Mrs. Filbert's</h2>	<p>49¢</p> <p><small>16 Ounce - Crackers</small></p>  <h2>Sunshine</h2>
<p>5/79¢ <small>Ears - Sweet</small></p>  <h2>Yellow Corn</h2>	<p>\$2.99 <small>Half Gallon</small></p>  <h2>Detergent Wisk</h2> <p><small>Why Pay \$3.83</small></p>	<p>69¢ <small>97 Sheet - Large Roll</small></p>  <h2>Viva Towels</h2> <p><small>Why Pay \$1.03</small></p>	

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