

SB&F Right at Home In The Sinclair Building

The move is complete! On August 10, 2007 we packed our offices along with our memories of 201 Main Street and relocated, only a few blocks away, to the historic Sinclair building at 512 Main Street in downtown Fort Worth.

A delightful change, we now have plenty of space—even some to spare! Floors 15 and 16 and the majority of 14 are SB&F's new consulting headquarters.

“The Sinclair Building has such a great spirit that imbues our work environment,” said Allyson Baumeister. “I love the character, charm, additional space and central location of this building.”

As expected with any large scale relocation, there were some minor set backs. We spent three days without AC! Despite the heat, everyone kept up their positive attitudes and team support.

“Moving was a lot of work, but it was definitely worth it,” said Rick Baumeister.

The Sinclair Building built in 1930 was previously owned by a California-based real estate company and was purchased last fall by Sinclair Building Partners, LP. Owners include Rick Baumeister, Allyson Baumeister, Ken Jaffe and a group of investors.

If you're near the intersection of 5th and Main, please visit us in the Sinclair Building.

August 2007

On May 18, Gov. Perry signed an expanded business tax bill into law. This new law, known as the Texas Margin Tax law, will replace the franchise tax effective January, 2007.

Below is a brief overview of the Texas Margin Tax:

- The new Margin Tax is meant to partially replace the tax revenue lost because of a significant cut in state property taxes (also passed during the same session).
- A business that previously didn't have to pay the franchise tax may now have to pay the new tax when the first returns are due in May, 2008 (based on 2007 activity).
- There are specific company exemptions, including certain insurance companies, specific family limited partnerships, qualified small businesses, and others.
- The Margin Tax is, as named, a tax on “taxable margin”. Taxable margin is calculated as the lesser of:
 - 70% of gross revenue as reported on the federal income tax return,
 - gross revenue returns minus the cost of goods sold, or
 - gross revenue minus compensation expenses (limited to \$300,000 per employee).

- Taxable margin must be apportioned to business conducted in Texas, measured by gross receipts. The tax rate then applies to that apportioned margin---a half percent rate for taxable entities primarily engaged in retail or wholesale trade, and a 1 percent rate for all others.

The new tax law may inspire some businesses to change the way they operate. For example, companies who usually use contract workers could take the compensation deduction mentioned above, by hiring more workers as employees. This way, the wages and benefits would be deductible.

SBF is delving into every aspect of the new law to ensure we are fully aware of how it may affect your business. Also, we're formulating strategies to plan for the new tax. We're here to help you maximize the use of exemptions and exclusions, and find other ways to help you and your company do business.

SBF will be hosting a tax update luncheon in mid-November. We hope you will attend this event to learn more regarding the new Texas Margin Tax, and its potential effect on you.