

**BUDGETING,  
LEGAL AND  
TAX IMPLICATIONS**

# Budgeting



# BUDGETING

## – THREE PARTS TO A BUDGET

- Capital
- Operating
- Payroll

# 1. Capital

- Budgeting for investment, acquisition of new equipment, or major repairs to existing equipment.
  - Repairs
  - New Equipment/Replacement

## 2. Operating

- Day to Day operations
  - Include Accounting Costs
  - Include Legal Costs
  - Include Lag Time Costs (ability to operate for 30- 60 days without payment from government agency).
  - Include Discount Percentage (about 10% of total bill).

# Why Accounting?

- Need books and records set up correctly
- Need to properly document:
  - capital contributions
  - loans to company from owners
- Satisfy needs of lending institutions, regulatory agencies and other stakeholders.
- Tax Strategies

# Why Attorney?

- Advice on proper business structure.
- Tax strategies
  - Including basis issues
- Separate counsel needed for partners
  - LLCs, Partnerships, S corps.
- Valuations of business in M & A
  - Mentor-Mentee program
- Legal review of contracts
  - Subcontract agreements

# 3. Payroll

- Budgeting for salaries, related taxes and fringe benefits.



# Why Taxes?

- Payroll Taxes
  - How many business owners view their responsibilities?
  - How IRS views your responsibilities?
- Internal controls needed when third party is responsible for filing and paying taxes.



# THE END

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