

August 2, 2010

Uncertainty surrounds financial reform package

"THERE'S A LOT of uncertainty about the federal financial reform package, interest rates and other issues and that can make it difficult to re-game your plan," said **Tom Angell**, the Roseland-based principal-in-charge of the national commercial services group of CPA firm **Rothstein Kass**.

"On top of that, there's likely to be a tax increase in 2011. All of this makes it tougher for companies to sketch out their capital budget. Some companies are proceeding cautiously and, for example, are having their employees work overtime to handle new business, instead of taking on the longer-term cost of new hires."

Many small businesses also are likely to face increased fees for lines of credit and other services, said **Steven Bortnick** a partner with the West Orange-based CPA firm **Bederson & Co. LLP**.



Steven Bortnick

"We're already seeing some banks charging for the unused portion of a business' line of credit," he said. "Also, with interest rates so low, some institutions are also putting floors, or minimums on their [loan] interest rates that are tied to the prime rate, or other standard. Entrepreneurs are used to taking risks, but it helps if they have a good idea what those risks are."

Meanwhile, business owners of privately held companies are uncertain about estate planning due to the expiration of the federal estate tax, which may or may not be reinstated, said **Scot R. Guempel**, a tax partner in the federal tax practice of CPA firm **KPMG LLP**, in the Short Hills section of Millburn.

"We do think there'll be increased incentives for energy, hiring, and research and development activities," he said. "So there is some good news. But if individual income and other tax rates rise, it might be a good idea to try to move income recognition into the