A look at what's ahead for small businesses in 2013



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Columnist

Every year brings change for small businesses: new laws and taxes, new challenges, opportunities, and concerns.

The coming year presents even more changes and uncertainty because of laws already passed and the potential fiscal cliff that Congress keeps talking about.

So what does 2013 have in store for small businesses and entrepreneurs?

» **New ways to raise money.** A few months ago, Congress passed the JOBS Act, an acronym for Jumpstart Our Business Startups, enabling entrepreneurs to raise up to $1 million from the general public and not just wealthy, "accredited" investors, as has been the law.

This is intended to enable companies to use fundraising platforms such as Kickstarter, Indiegogo or Fundable to launch startups or new products.

The Securities and Exchange Commission is charged with coming up with rules. Dozens, if not hundreds, of fundraising platforms are poised to launch. While the SEC is expected to take a conservative approach to help prevent fraud, expect to be intrigued and confused.

» **A flood of health-insurance ads.** In late 2013, expect to be bombarded by health insurance companies because you're going to need health insurance by 2014.

That's when the individual mandate of the Affordable Care Act requiring everyone to have health insurance takes effect. And if yours is a fairly good-size business — with more than 50 full-time equivalent employees such as 100 half-time workers — beginning in 2014, you'll also have to provide minimal health insurance for your employees or, in many cases, pay a fine.

Many states will launch their own health-care exchanges where small businesses and individuals can comparison shop for more affordable and understandable insurance plans.

» **A tax rebate for some small companies.** If you're a small employer with less than 25 employees and average wages of $50,000 or less in 2013, you're entitled to a tax credit of up to 35 percent of what you pay for your employees' health insurance. This amount goes up to 50 percent in 2014.

This is not a deduction. Credits are worth more because they count as payments

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of your taxes, so you could get money back from the government if you have no tax liability.

» **A smaller paycheck.** As part of the economic stimulus package, Social Security taxes were reduced by 2 percent, but that benefit disappears on the last day of 2012.

So beginning Tuesday, your employees will have a 2 percent higher bite taken from their paychecks. Expect some complaining. And this affects self-employed and business owners as well.

» **Payroll confusion.** If your small business has payroll employees, you're going to start the year befuddled, not knowing how much to withhold from employees' paychecks for income tax.

The Bush tax cuts, which lowered taxes on all Americans, expire at the end of 2012. President Barack Obama and House Speaker John Boehner, R-Ohio, agreed to maintain the lower taxes on virtually all Americans, but a faction of the Republican Party refuses to raise taxes on those with high incomes.

If no agreement is reached, taxes go up for everyone.

Look to your payroll company for advice on withholding. if you prepare payroll yourself, the American Payroll Association advises using 2012 withholding tables for the time being.

» **Floods, hurricanes, drought. No,** the end of the world is not scheduled for 2013, but the past few years have proven that climate change is here.

That means many small businesses will be hit with weather-related emergencies and disasters, and you need to be prepared wherever your company is located. Make sure you have offsite backup of all key files and data, emergency plans in place, and good insurance — and do that in early 2013.

» **Tweets, posts and hangouts in your future.** In 2012, you may have proudly proclaimed that you don't tweet, wouldn't be caught dead on Facebook and don't even know what Pinterest is.

In 2013, social media is an undeniable fact of business life. People routinely ask their friends, or search on social media for a new hairdresser, lawyer or electrician.

You have to be visible in social media, taking up more of your time, or hire help.

Regardless of what Congress or the weatherman does in the coming year, I hope 2013 brings you and your small business success, health, and joy.

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