

1040

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return

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Election Campaign**THE TAX PICTURE**

Big Tax Break For Small Businesses

(NAPSA)—Small business owners who have spent a lifetime building a company and are approaching retirement or just wish to diversify should consider an underutilized provision of federal tax code that allows them to plan for succession, reward loyal employees and avoid capital gains taxes.



Employee Stock Ownership Plans, or ESOPs, not only benefit employees they're great for employers, too.

Employee Stock Ownership Plans—or ESOPs—are typically thought to only benefit employees. In reality the benefits are just as great for business owners who either cannot or do not wish to sell, merge or take their companies public. ESOPs allow business owners to:

- Liquefy part or all of their ownership without selling to a competitor;
- Defer payments of capital gains taxes;
- Maintain control of their business;
- Establish fair market value for the company;
- Enhance employee productivity; and
- Establish an incentive-based retirement program for employees.

More than 250,000 small businesses in America qualify for ESOPs. Major corporations like Procter & Gamble and privately held companies with as few as 10 employees and \$3 million in annual sales—if profitable—are candidates for the program.

For a free pamphlet titled “ESOP Pros and Cons” from Menke & Associates, call 1-800-347-8357.