

FOR PROS BY PROS

Smart Business for **Contractors**

A Guide
to Money
and the Law

**A CONTRACTOR'S ATTORNEY LEADS
YOU THROUGH THE MAZE:**

- Charging what you're worth
- Billing and collecting
- Creating a successful contract
- Discovering important tax benefits

JIM KRAMON



Publisher: Jim Childs

Acquisitions Editor: Steve Culpepper

Editors: Jacquelyn Callahan Parente, Peter Chapman

Copy Editor: Diane Sinitsky

Indexer: Lynda Stannard

Cover Designer: Steve Hughes

Interior Design: Ecomlinks, Inc.

Layout: Ecomlinks, Inc., and Lynne Phillips

Cover Photographer: Scott Phillips

Taunton
BOOKS & VIDEOS
for fellow enthusiasts

Text © 2001 by Jim Kramon

All rights reserved.

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

The Taunton Press, Inc., 63 South Main Street, PO Box 5506,

Newtown, CT 06470-5506

e-mail: tp@taunton.com

For Pros/By Pros® is a trademark of The Taunton Press, Inc., registered in the U.S. Patent and Trademark Office.

Distributed by Publishers Group West

Library of Congress Cataloging-in-Publication Data:

Kramon, Jim.

For Pros/By Pros®: Smart business for contractors : a guide to money and the law / Jim Kramon.

p. cm.

Includes index.

ISBN 1-56158-411-8

1. Construction industry--United States--Management. 2. Building trades--United States--Management. 3. Construction industry--United States--Personnel management. 4. Building trades--United States--Personnel management. 5. Labor laws and legislation--United States. 6. Construction industry--Law and legislation--United States. 7. Contractors--Legal status, laws, etc.--United States. I. Title.

NOTE: *The Taunton Press does not intend the material presented in Smart Business for Contractors to function as a substitute for professional legal, tax, and accounting advice. In matters that involve local, state, or federal regulations, contractors should seek additional advice from government agencies and an attorney. Information on taxes and accounting is based on the tax code as of 2000. Check with the IRS or an accountant for current tax requirements.*

■ Acknowledgments

Many people have helped me bring this book to fruition. Let me name just a few. Valerie Lazzaro of American Express Small Business Services was helpful in verifying tax matters and providing information regarding tax forms and filings. Jill Glassman of Glassman Pension Services provided important information with regard to qualified retirement plans. As she has on so many occasions, Sandra Cooley of Sandra K. Cooley & Associates generously gave her time to review medical insurance matters with me. I have never known anyone more knowledgeable about this subject than Sandra.

I am indebted to contractors too numerous to mention for their time and information. Through these discussions I have been able to learn what contractors know and do not know and what their needs and desires are. Since it is for their benefit that this book is written, these discussions were invaluable.

My friend and general contractor, Phil Florie, assisted in this book in many ways. I deeply appreciate the many hours he spent helping me. Steve Culpepper at The Taunton Press is responsible for making the engagement with me to write this book. Steve's appreciation of this subject and his consideration and forthrightness made the whole process easy and enjoyable. The experience and steadiness of my editor at Taunton, Peter Chapman, kept me on more than one occasion from straying from the job I had set out to do. It has been a pleasure working for someone as capable and considerate as Peter.

My editor, Jackie Parente of Editorial Services, LLC, is what every writer of a book hopes to experience. Jackie's knowledge and understanding of the subject matter, her uncompromised attention to detail, and her ability to explain what is readable and what is not made this a much better book.

I could not have completed this book without the help of Nancy Sumwalt, a paralegal in my law firm with whom I have had the privilege of working for almost 15 years. Nancy organized and prepared every chapter of this book. She verified countless facts and assertions and was my constant liaison with my editors. Nancy also reviewed the entire manuscript. Most important, Nancy has always been able to tell me, in her quiet and definite way, when I have plainly missed the mark. I am very grateful for Nancy's hard work.

While I am indebted to these people for their invaluable assistance in writing this book, I am solely responsible for all content.