

"HIDDEN INCOME"

by

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A. Taking Cash from the register

One of the most difficult perquisites to prove is that of unreported (to both I.R.S. and the spouse) untaxed cash.

There are many methods of proving that a spouse in control of a business is taking cash from the register. Obviously, the most convincing proof would be to produce paid cash receipts which have not been recorded on the business' records.

A second method which would tend to show that cash is being taken from the register, would be to compare the gross profit percentages of this business with other similar businesses or with variances from different reporting periods.

B. Perquisites

Income is generally easy to understand but perquisites (Perks) are items more than just fringe benefits. The breadwinner usually deducts the following items from the business or obtains them at little or no charge while the non-breadwinner must use after-tax dollars to acquire these benefits:

- A. Health Insurance
- B. Disability Insurance
- C. Life Insurance

- D. Car Insurance - Personal Liability Umbrella Policy
- E. Office in the Home
- F. Uninsured Medical Expenses
- G. Car Payment
- H. Car Repair and Maintenance
- I. Gas and Oil for the Car
- J. Entertainment
- K. Retirement Plan
- L. Newspaper, Magazine and Book subscriptions
- M. Personal Use of Office Employees
- N. Continuing Educations
- O. Business/Vacations
- P. Complimentary Professional Trade-Outs

You frequently find that this benefit provides the user with a significant portion of the food expense which normally comes out-of-pocket. This value of an expense account varies with the use to which it is put. If the husband had to receive this as income, and buy his own food and drink, the wife will not have this benefit.

If the non-professional spouse had use of the corporate credit card, it is unlikely that the spouse would continue to have use of the card once the dissolution is final. Therefore, it is necessary to add those expenses in determining that spouse's budget.