

## Q&A: Jeffrey Van Winkle, Clark Hill PLC

By Nick Manes  
MiBiz

In its 2014 Small Business Taxation Survey, the National Small Business Association (NSBA) found a disproportionate amount of administrative burden is being placed on small business when it comes to both the complexity of the tax code and the amount of time spent on compliance. MiBiz spoke with Jeffrey Van Winkle, a member of Clark Hill PLC's corporate practice group in Grand Rapids who is the 2014 chair of NSBA, about the survey findings and the prospects for tax reform.

What are your key takeaways from the taxation survey?

One is the administrative burdens that small businesses have in completing and complying with filing requirements. It is seen as excessive. ... It's a drag on their businesses. The survey didn't show that there is outrage over taxes themselves. Obviously, people would like to have taxes lower, but they recognize that they're important. We think it shows a desire for small and large businesses to be treated fairly. One way to get at that is reducing the rate and reducing deductions.

The report noted the current tax system is unsustainable. While there is not a magic bullet to fix it, what are some of the group's recommendations?

We know that many small businesses are 'pass-through' entities and that impacts what the fix may be. Our survey shows that we have a lot of S-corps, so the corporation pays payroll taxes, which has an administrative burden. ... The same is true for limited liability companies that are taxed as partnerships, which is becoming much more common, even in operating companies today.



Clark Hill attorney **Jeffrey Van Winkle**

Those two groups are more than 50 percent of the makeup of small businesses. The fix has to ensure a reduction of rates as well as a simplification of deductions for individuals who would be owners of small businesses. Otherwise, it typically impacts larger businesses.

So there's not really a broad coalition of like-minded groups speaking in unison on what tax reform should look like, right?

I think that is a fair statement. Right now, there are many voices as to what should be done to fix the tax

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code. You will hear many people say it needs to be simpler. We might, along with other small business organizations, have a strong basis to assert that it's really important. Our survey results show that many businesses are spending 80 hours per year in compliance. For a smaller business that has 10 or fewer employees,

not a broad alignment and that has to shake out. We need to have further conversations.

Where might you find some agreement?

The NSBA has advocated for a long time that a conversion to the fair tax, which has a lot of support among our members, is a model

proposals for change that individual legislators are putting forth.

What do you see as the probability of any kind of real reform in the short-to mid-term?

While I wish that there was a likelihood that we would have real reform in the current session, I don't think it's probable. I think the politics and how proposals have played out means it is unlikely we will get real, material reform during this session, and maybe not in the next session. There are a lot of distractions and there is not yet – from what I hear – a huge, massive cry for change. It is strong and consistent, but it is not at a crisis level.

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that is a notable amount of time. And I think that administrative burden does fall disproportionately on smaller businesses. There is

that we think could work. That currently is not getting much conversation at the federal level. What's getting conversation is

**Jeff Van Winkle** represents businesses and entrepreneurs actively seeking to create or provide exceptional services or products. In today's business and legal marketplace, he coordinates and leads exceptional attorneys and other professionals to provide the resources his clients require. Jeff directly provides general counsel services, public and securities compliance counseling, private company law guidance and transactional legal services to clients throughout the Midwest. **Contact him:** [jvanwinkle@clarkhill.com](mailto:jvanwinkle@clarkhill.com) or (616) 608-1113.

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