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# Duty or Free Will?

I am not sure if you are familiar with the book by Richard Horne: “101 things to do before you die.” In any case, I sat down and studied all 101 things, looking at those of which I have done and those of which I haven’t.

Here are some examples of a few things that are in there:

- Learn a foreign language
- Get a free upgrade on a flight
- Throw a dart at a map: go wherever it lands
- Read the most important books of all time
- Live to be 100
- Learn the meaning of your name
- Save someone’s life
- Quit your job
- Buy everyone in the bar a drink
- Make your sex life more exciting and so on and so on

So you need some humor with the whole thing and for this reason I hoped I would find one particular point. I would have been able to check that off my list straight away. But no matter how intensely I searched, I didn’t find it. That point needs to be expanded...

I’m talking of “paying taxes” because that is something everyone has to do them before they die. It is not quite so enjoyable, but let’s now imagine the fun parts.

Am I hearing a long, drawn-out “Aaaaahhhh? Stay away from me!”

Relax; this is not a dissertation about the internal revenue ;)

What is interesting about taxes: Some hate them, others evade them, others see them as a necessary evil, others flee from them – but no one loves them.

No one enjoys them with the exception of tax consultants, who really love them because they earn their money from our taxes and they regularly send it with great enthusiasm to the IRS (a bit of humor is necessary).

Do you know the film “Meet Joe Black” with Brad Pitt and Sir Anthony Hopkins? It’s superb how among other things the subject of taxes is dealt with there. There you can hear: “Nothing is as certain in life as death and taxes.” An interesting sentence which I know since then. J

Because I have been dealing with it for more than 13 years, I have developed a pretty good feeling about how important this subject is in certain countries (especially Germany and Austria).

Above all when tax consultant (who is also only human) makes an occasional mistake. It was 2000 when the following happened: I happily flew around the world to build my business in the good old networking fashion. I was perfectly content with myself and with the world.

Right on time every month I sent my neatly filed accounts to my tax consultant, who as always booked everything on time and sent them back to me and I regularly sent either the VAT or other advance payments to the tax office. Like I said: I was quite happy and always virtuously set some money aside so that I could always pay my taxes on time. Both my tax consultant and the tax office were not exactly the cheapest items in my accounts, but “what must be must be” I thought, and I “was at ease.”

In addition, at that time I also had a financial coach who also double-checked everything and told me in advance how much money I had to set aside, so I really had nothing to worry about. I then came home from a business trip to Morocco and was planning a longer trip abroad to build my business further. Then my financial coach came by to throw a monkey wrench into the works, something I will never forget.

She explained to me without hesitation that the accountant had made a mistake that I had not noticed, and for this reason I owed a large back-payment for the previous year, which as a result would change all my advance payments retrospectively so that I would have to pay about 60.000 euros within 3 months.

Can you imagine to some extent how I felt at that moment; how the rug was pulled out from under my feet? I could not understand how such a mistake could be made. I regularly paid three people (my tax consultant, who was also an accountant, my bookkeeper and my financial coach) so that everything would run smoothly – and then something that was extremely important had nevertheless been overlooked (at least in Germany)?

I was angry, but that didn't help – the money had to be paid. They all apologized to me, but did that help? A few short months later I fired my financial coach, and my tax consultant, but the damage had been done.

Then I remembered a saying from the famous German chat-show host Harald Schmid. He said once in his Late Show: "In Germany the rich are those who can pay their taxes without taking out a loan to do so." I had just barely escaped getting into debt, but I understood very well what he meant.

As a result of this experience I tried to gain some insight into the whole question of taxes and to understand it a bit. Up until that point I "only" did what people told me to do. After all, I was busy building up my business and for "something like that" I just did not have the time. However, the truth is: If you do not want to deal with that, than you have to live somewhere else, in other words, in another country that is a bit more relaxed about these things. My easiest year – as far as bureaucracy goes – was when I lived in Asia. I did not know how easy-going everything could be until I lived there. Not quite as relaxed – but easier than here – was the year that I spent in Switzerland. In Switzerland, for example, tax evasion (regardless of whether it is intentional or completely the result of ignorance) is not a criminal offense.



You simply make a back-payment and you're done. In Germany I would prefer not to risk anything like that. Think of Boris Becker, or Steffi Graf's father, or many others. Other countries have different customs and rules. For example, American citizens have to pay taxes in the USA without any regard where they live or work on this planet – simply because they have an American passport. France has a very friendly and simple tax system for people whose businesses are still starting up. That changes when you earn a lot of money. J

I myself, as many of you know, never wanted to return to Germany. But since I am here, I have to adjust again. It very quickly dawned on me why I hadn't wanted to come back: After almost 10 years my bookkeeper made another mistake that would also have cost me money unnecessarily. But because I had learned to keep an eye on things myself, I had the feeling that there must be a mistake somewhere. I ran my tax records

by a neutral person and look – I was right! My tax consultant was overworked and had too many clients and this sort of thing just happens occasionally.

Now I have once again changed my tax consultant. Mistakes with taxes are something that I am not prepared to accept anymore. What is the most important thing in this case? The most important thing is that I now try to keep track of my taxes, look at them, and try to understand what is going on. I am definitely not a tax professional, and I never want to become one, but I should know enough to understand my tax return. Because: when I pay too much (or too little in the short term) I have to foot the bill and never my tax consultant! Tough, isn't it! In this case you really think: What am I paying for then...?

Okay. Why have I been telling you all of this? Do I want to bother you with it? Too many networkers underestimate what they can do on their own, and still have an “employee mentality,” even though they are self-employed. I can give you a few tips from my own experience about what to look out for:

- The moment you decide to work with all your power in MLM register a company!
- Look for an inexpensive tax consultant and sign up for a monthly business assessment (at the beginning it should be around 80 to 100 euros a month).
- Learn how to read your business assessment
- Collect all your receipts, bills etc. even if you still do not have a tax advisor, you will find one and he can book them retrospectively.
- Send your business registration to the company that sends you your monthly commission checks. Then you will receive checks including the value added tax. However, you can only spend a limited amount of this money, because it will flow away again. Make sure somebody ex-

plains the “prepaid tax game” carefully to you

· Become familiar with the tax regime for small businesses in your country and learn the most important details.

· Have a business account, a private account, and an account for your tax reserves.

· If you ever get the feeling that somewhere in your documents there is a mistake, make sure that you get it checked by another tax consultant.

· Have one or two people that you can always call if something should happen to you (through no fault of your own) and you unintentionally wind up in a bad spot. In some countries that happens faster than in others. May you never have to experience that.

There are certainly more things that need to be taken into consideration, but these are a few points at a glance. If you don't have the time for this whole business and you can afford it: Pay someone to do it for you! However, do not underestimate it!

And now to close, something to make you smile from the book “101 things to do...”

· Pull the perfect practical joke or April Fool's day prank on a friend

With that in mind: Have fun! ;-)

Yours truly,

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