



I Wonder

It's that time of year again ... the end of February, when I receive a phone call from my tax accountant letting me know he has finished processing my tax returns. It's always a 'Good News / Bad News' situation. In the case of a good news year with high income, the bad news is that my taxes are of course correspondingly increased. Other years it is the opposite case - the income is the bad news, and this is then matched by a 'good' tax situation.

This year has been a bit different from previous years though, in that this pattern has been broken. This year it is 'good news all around!' I had quite a high amount of revenue last year, and yet he tells me that I owe only a very low amount of tax.

Any of you who have any experience of business will know how this is possible. Although revenue was up, expenses were also high, leaving a very low profit (which is what the taxes are based on of course). Well, considering the fact that in early summer I was almost at the stage of letting the staff go and 'retreating' to become a one-man shop again, I can't complain that there wasn't much profit this year. We survived!

The business here is organized as a proprietorship. The accountant tells me that the time is not far off when it will make more sense to operate as a corporation, but for now, the business activity (our Mokuhankan 'brand') and Dave Bull the individual, are considered as a single entity for tax purposes.

This means that my personal income is defined as 'whatever is left over from the gross income after the business expenses are deducted'. As I mentioned, these were both up last year, and it turns out that the left-over amount was on the order of 790,000 yen. (For the benefit of overseas readers of this story, this is approximately 10,000 dollars.)

This brings up an interesting question - how much per hour am I thus getting 'paid'? Our part-time staffers here are currently getting 1,000 per hour (about \$12). They are quite happy with this, as most casual jobs available in this area pay less, and - unlike ours - almost always come with strict requirements for attendance, scheduling, etc.

So how many hours did I work to earn that \$10,000? This is not so easy to calculate exactly, but 12 hours per day involved with activities related to printmaking is actually a pretty conservative estimate. Most days I'm at the computer first thing in the morning, processing the overnight orders while I eat breakfast, and getting the website updated at the other end of the day before tumbling into bed is a very common pattern. As for days off there simply aren't any. One day for me is just the same as another, and in fact it is the actual 'holiday' days when I get a ton of work done, because there is nobody else around to bother me!

So 12 hours times (say) 350 days gives an annual figure of 4,200 hours, which puts the income at around \$2.40 per hour.

But 'just a minute!' you interject. That doesn't count all the equity that is accruing to me as the sole owner of this organization. I may not be taking cash out at present, but surely the value is slowly building up and I will be able to 'cash out' at some time in the future when I sell the business, or perhaps go public?

Hee - hee ... Excuse me, I seem to have something in my eye ...

There is, of course, nothing here that is of 'value' in any financial sense at all. There are no assets, beyond a stack of woodblocks, and those have only potential value, to people who are trained to use them. If I stepped out of the picture tomorrow, the business would collapse instantly.

Over the coming years, will I really be able to build a structure here that doesn't depend on a continuous stream of input and energy from me? I wonder...

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