



Newsletter

VOLUME 46 NO. 2 OCTOBER, 2009

Sign Up Now for the PDE Annual Business Meeting

Each year, the PDE calls upon its members to support various functions which most notably benefit the PDE Scholarship Program, the two scholarship stipends to Temple University and the University of the Sciences in Philadelphia, and the Delaware Valley Science Fair. These functions allow our members to catch up with colleagues throughout the industry but they come with a cost. In these uncertain financial times, the PDE is most appreciative of the continued support and participation of its member companies. November 17th is the PDE's chance to give back. You are cordially invited to the PDE Annual Business Meeting at the Crowne Plaza Valley Forge Hotel, 260 Mall Boulevard, King of Prussia beginning at 5:30 PM with cocktails followed by a complementary buffet dinner. The main purpose of the meeting is the election of Officers and Directors for the following year.

We always have an interesting and famous speaker. We are pleased to announce that our guest speaker this year will be former Philadelphia Eagle, #82 Mike Quick. Mike is



a five-time Pro Bowler, selected consecutively from 1983 to 1987. He led the NFL in receiving yards in 1983 with 1,409 and finished second in 1985 with a total of 1,247. On November 10, 1985, Mike Quick caught a 99-yard touchdown pass from Ron Jaworski in overtime (an Eagles team record, and tied with several

QB-WR combos as a NFL record), as the Eagles beat the Atlanta Falcons in the game. He is currently a color commentator for Philadelphia Eagles radio broadcasts on 94.1 WYSP and 610 WIP along with Merrill Reese.

Please join us for this delightful evening. To register, either call the PDE office at 610-631-1255, send an email to pdetrade@msn.com or visit the PDE website. Registration is limited to employees of PDE member companies and prospective new members.

Another Great Summer!

2009 Scholarship Outing

The skies were sunny and the temperatures pleasant for the 2009 PDE Scholarship Golf Outing at Olde York Country Club in Columbus, NJ. Thirty-two companies participated in this fund raiser for the PDE Scholarship program. First place honors went to the foursome from West Pharmaceuticals followed by the teams from 3C Packaging and Comar. Closest to the Pin honors on the five par 3's were won by Jim Rhodes, Kevin Clover, Donna Reiser, Jim Rutkowski and Steve Stancick. Steve Stancick also took Straightest Drive honors.

Ed & Corinne Eget, owners of Olde York generously donate a one-year membership to their country club to the PDE each year to be raffled off. This year's proceeds from the raffle totaled \$3650 for the PDE Scholarship Program and the winning ticket was held by Jim

Godshall, Alignment Consulting International.

The Officers and Directors of the PDE thank all participants and contributors for your continuing support.

2009 PDE Fall Golf Outing & Dinner Meeting

The weather was perfect at Cedarbrook Country Club in Blue Bell for the noon tee-off of this Fall event but became threatening as the round progressed and play was halted after all groups had completed their 17th holes. Based on the scores from 17 holes, the winning team of Bill McDowell (CCL Label), Brent Childs (Bilcare), Shannon Ganong Darling (Chesapeake Pharmaceutical Packaging) and Norm Chabot (SPI Pharma) took first place honors with a 4 under par score. Second place went to the team sponsored by 3C Packaging and third place was held by Callahan Chemical Company. Closest

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Another Great Summer!

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to the pin awards went to John Jaworski (Colorcon) and Tom Cliggett (Callahan Chemical Company). Longest Drive honors were garnered by Brent Childs (CCL Label) and Sandy Richwalski (Bilcare), and the Straightest Drive award went to Rick Keyser (Compass Pharma Services).

The target golf hole (#9, playing 160 yards for the men and 124 for the ladies) which is used to generate revenues for the PDE Scholarship Program proved a daunting challenge for our golfers. Only 3 players were able to get their tee shot within 12 feet of the cup.

Kudos to Scott Erb (Genesis Packaging Technologies), Jim Kowalski (International Specialty Products) and Nick Salenetri (BNS Exhibit Pros).



Pictured is the winning team of Bill McDowell, Brent Childs, Shannon Ganong Darling and Norm Chabot

2010 PDE Scholarship Program

The PDE is pleased to announce that it will continue its scholarship program in 2010 offering four \$2,500 scholarship awards to college-bound high school seniors whose parent works for a PDE member company.

This year's scholarship program drew 97 applications from 23 of our member companies. Since Scholarship America, the independent management service for selection of scholarship winners contracted by the PDE, will accept up to 250 applications, the PDE will take a slightly different approach to bring more publicity for this great opportunity. Applications and brochures for the 2010 Scholarship Program campaign again will be distributed to member companies through their Correspondents in mid-December and can always be obtained on-line at www.pdetrade.org. In addition to this, applications will be mailed directly to the HR Departments of member companies with a request to have the materials advertised internally either through the company's intranet, posting boards or other communications vehicles.

This is an excellent opportunity to lessen the burden of increasing college costs especially in today's economy. We strongly encourage any high school senior whose parent works for a PDE member company to apply.

New Member Profiles

ABITEC CORPORATION

501 West 1st Avenue, Columbus, OH 43215
800-526-4547 614-299-8279

www.abiteccorp.com

Official Correspondent: Rick Kettinger,
National Account Manager

Delegate: Donald Keleman, Director - Pharmaceuticals
Key Product Line/Services: Capmul® Bioavailability enhancer, solubility emulsifier; Captex® excipient, carrier, solubilizer; Serotex® tablet lubricant, suppository base, controlled release; Hydro-kote® suppository base, topical cream.

Did You Konw?

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Mark Down Your PDE 2010 Dates

Subject to approval of the PDE Board of Directors
at the November 2009 Board Meeting

March 5 ~ Annual Dinner

The Union League, Philadelphia, PA

May 17 ~ Spring Golf Outing & Dinner Meeting

Springford Country Club, Royersford, PA

July 19 ~ Scholarship Outing

Olde York Country Club, Columbus, NJ

September 27 ~ Fall Golf Outing & Dinner Meeting

Cedarbrook Country Club, Blue Bell, PA

November 16 ~ Annual Business Meeting

**Crowne Plaza Valley Forge Hotel
King of Prussia, PA**

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Is Your Company a Hobby or Business?

Whether it is sewing, woodworking, fishing, gardening, stamp or coin collecting, millions of Americans participate in hobbies that may result in a profit. What are the tax implications of a hobby? When does a hobby become a business and how does that change the tax implications?

Definition of a Hobby vs Business

First, the IRS defines a hobby as an activity that is not pursued for profit. A business, on the other hand, is an activity carried on with the reasonable expectation of earning a profit.

The tax considerations are different for each activity so it is important for taxpayers to properly determine whether an activity is engaged in for profit as a business, or is engaged in as a hobby.

Simply stated, you must report and pay tax on income from almost all sources, including hobbies. It is in the handling of expenses and losses that the two activities differ.

Note: Internal Revenue Code Section 183 (Activities Not Engaged in for Profit) limits deductions that can be claimed when an activity is not engaged in for profit. IRC 183 is sometimes referred to as the "hobby loss rule."

Is your hobby really an activity engaged in for profit?

If you are not sure whether you are running a business or simply enjoying a hobby, here are some of the factors you should consider:

- Does the time and effort put into the activity indicate an intention to make a profit?
- Do you depend on income from the activity?
- If there are losses, are they due to circumstances beyond your control or did they occur in the start-up phase of the business?
- Have you changed methods of operation to improve profitability?
- Do you have the knowledge needed to carry on the activity as a successful business?
- Have you made a profit in similar activities in the past?
- Does the activity make a profit in some years?
- Do you expect to make a profit in the future from the appreciation of assets used in the activity?

An activity is presumed for profit if it makes a profit in at least three of the last five tax years, including the current year (or at least two of the last seven years for activities that consist primarily of breeding, showing, training or racing horses).

The IRS says that it looks at all facts when determining whether a hobby is for pleasure or business. The profit test is the primary test. If you can show that the activity earned income in three out of the last five years, it is for profit. If the activity does not meet the profit test, the IRS will take an individualized look at the facts of your activity using the list of questions above to make the determination business or hobby. It should be noted that this list is not all inclusive.

Business Activity: If the activity is determined to be a business, you can deduct ordinary and necessary expenses for the operation of the business on a Schedule C or C-EZ on your Form 1040 without considerations for percentage limitations. An ordinary expense is an expense that is common and accepted in your trade or business. A necessary expense is one that is appropriate for your business.

Hobby: If an activity is a hobby, not for profit, losses from that activity may not be used to offset other income. You can only deduct expenses up to the amount of income earned from the hobby. These expenses, with other miscellaneous expenses, are itemized on Schedule A and must also meet the 2 percent limitation of your adjusted gross income in order to be deducted.

What are allowable hobby deductions under IRC 183?

If your activity is not carried on for profit, allowable deductions cannot exceed the gross receipts for the activity.

Deductions for hobby activities are claimed as itemized deductions on Schedule A, Form 1040. These deductions must be taken in the following order and only to the extent stated in each of three categories:

- Deductions that a taxpayer may claim for certain personal expenses, such as home mortgage interest and taxes, may be taken in full.
- Deductions that don't result in an adjustment to the basis of property, such as advertising, insurance premiums and wages, may be taken next, to the extent gross income for the activity is more than the deductions from the first category.
- Deductions that reduce the basis of property, such as depreciation and amortization, are taken last, but only to the extent gross income for the activity is more than the deductions taken in the first two categories.

If your hobby is regularly generating income, it could make tax sense for you to consider whether it is a business or not. You may be able to save on taxes.



P.O. BOX 734
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as a service to member companies.

Keep In Touch
PDE Website
www.pdetrade.org



The PDE acknowledges the contributions and generosity of the following companies and individuals for their continued support of the PDE Scholarship Program and Golf Outing.



**Dinner
\$500 Contribution**

Merck & Co., Inc.

**Lunch
\$300 Contribution**

Tapemark

**Reception Hour Sponsor
\$300 Contribution**

GlaxoSmithKline

**Refreshment Cart
\$300 Contribution**

3C Packaging

**Closest to Pin Sponsors
\$300 Contribution**

SPI Pharma

**Tee or Green -
\$175 Contribution**

Alcan Packaging
Anderson Packaging
Comar
Constantia Hueck Foils
Drug Plastics & Glass Company
Fitzpatrick Container
Information Age Systems
The Tech Group
Vetter Pharma USA, Inc.
West Pharmaceutical Services

**Gift Donations &
Cash Contributions**

Bob Gettis
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Drug Plastics & Glass Company
Fitzpatrick Container Company
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Participating Companies

Alcan Packaging
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3C Packaging
Comar Inc.
Compass Pharma Services, LLC
Constantia Hueck Foils, Inc.
Covidien/Mallinckrodt
Drug Plastics & Glass Company
Emsco Scientific Enterprises, Inc.
Fitzpatrick Container Company
The Fitzpatrick Company
FMC Corporation
Genesis Packaging Technologies
GlaxoSmithKline

InnoMark Packaging Solutions
Integrated Liner Technology
International Specialty Products
Johnson & Johnson
Keller Crescent
a clondalkin group company
Klockner Pentaplast
Merck & Co., Inc.
PDE
Permalith Plastics
SPI Pharma
Tapemark
Univar USA, Inc.
Vetter Pharma USA, Inc.
Wheaton Industries
Wyeth Pharmaceuticals