

Taking Taxes By The Reins

Brea tax specialist gives horse lovers a break.

By JAIMEE LYNN FLETCHER
The Orange County Register

BREA – A thoroughbred mare: \$95,000

Veterinary fees: \$8,000

Board, breeding, etc.: \$31,000

Being able to write off the expenses and put some money back in the bank: Priceless.

As April 15 approaches, Brea-based “Hurley and Associates Inc.,” offers some peace of mind for those in the horse business.

Owner Pat Hurley works side-by-side with his son, Brian, to give horse moguls – a group Pat Hurley said is greatly under-represented – some tax help.

The paintings of race horses on his office walls, the numerous statues of stallions and the gem-encrusted horseshoe on his desk indicate Hurley may know a thing or two about the graceful giants.

"I eat, sleep and think horses," he said. "It's a love that a person has to have to get into the business."

Owner of a 20-acre ranch in Oregon that raises thoroughbreds with three race horses at the Santa Anita track, and three mares with yearlings and weanlings; Hurley has had his fingers in the business since he was a kid.

"My father was a blacksmith (farrier) and I also worked as a horse shoe maker to put myself through college," he said. "I've always been around horses."

His love for horses, coupled with 14 years of tax experience with the Internal Revenue Service, prompted him to open his own firm in 1982 and specialize in horse income taxes.



FOR HORSE OWNERS: Patrick and Brian Hurley specialize in providing taxes and accounting services to horse owners.

They know horses

Company: Hurley and Associates Inc.

Owner: Patrick Hurley

Address: 500 S. Brea Blvd., Suite 250

Brea, California 92821-6792

Phone: (800) 996-1040

Web Site: www.equineta.com

Services: Specializes in horse income taxes, but also offers tax help for individuals and corporations.

Hurley & Associates represents over 900 horse clients including breeders, trainers, jockeys and owners. With clients in 31 states and three countries, he said people who own horses and can claim them as a business are in for a big tax break at the end of the year.

"People are always surprised when I tell them how much they've lost," he said. "Not all people understand the tax ramification of horses."

Between vet bills, purchasing costs and maintenance, Hurley said owning horses can cost upwards from hundreds of thousands of dollars, depending on the industry.

However, he added, determining whether having a horse is a hobby or a business is the catch.

"I've had people call me who bought their daughter a horse and want to know how to get a tax break on it," he said. "Well, you can't do that."

For a horse owner to be able to write off the long list of expenses that go with owning a horse, the client has to show owning the animals is a business, whether it be racing them on the track, breeding thoroughbreds or entering horses shows, Hurley said.

Breeder Chris Finochio – owner of Double R Ranch in Murrieta – said getting help from a horse income tax specialist has saved him a lot of time and money.

"I've been involved in horses for most of my life, but when I started breeding them and got involved in races I met Pat," he said. "He knows all the ins and outs of the tax code for horses and I've been very pleased."

He started working with Hurley in 1996 when he first started breeding and now it's Brian – who is learning the ropes to one day take over the business – who handles his account.

"There are so many things that are deductible under different schedules, but I don't really understand it all. But they do," Finochio said. "I have enough on my plate doing what I do."

President of the Yorba Linda Country Riders Club Dee Dee Friedrich said Hurley's name is well known throughout horse-owner circles.

"There are all kinds of things that he would know that the average accountant wouldn't," she said. "For example, with breeding there are many fees that can be written off."

Although mares and stallions may be Hurley's forte, the eight-person firm also caters to corporations and individuals who need general tax help.

"The horse industry makes up over 75 percent of our business," he said. "But all kinds of tax work are done in our office. We make sure people are properly represented in the proper way."