

- Employers that outsource payroll tax duties (ADP, Heartland, Paychex etc..) remain liable for unpaid taxes. Even though the payroll firm takes this money from you to pay the taxes, your business is still liable if they do not submit them. So, here are some steps to take to protect yourself:
    1) Make sure all correspondence from taxing agencies (IRS, IDR, IDWD) goes to your address. (Note the IRS is required to send out a confirmation notice when it gets an address change).
    2) Either enroll in Electronic Federal Tax Payment System (EFTPS for the IRS) etc. to monitor your deposits or sign a Power of attorney annually with us to verify these. We can verify more often if you so desire.
    3) Use an IRS certified professional employer organization.

- Bonus depreciation is still available for depreciable business assets which have a recovery period of 20 years or less. Machinery, equipment, computers, appliances, and furniture generally qualify. This means that on assets that qualify, you can write off 100% of the cost in the year you purchase and put in service.

- One of the biggest items of 2020 has been the Payroll Protection Program (PPP). As most of you know from our emails during the year, this is a program put out to quickly help businesses with cash flow during the Covid crisis. Originally, Congress said that once the loan you received was forgiven, it would not be taxable income. That is still technically the case, but the IRS has issued revenue procedures stating that the expenses you use to make the loan forgiven cannot be deducted. They have even gone so far as to say it does not matter when you file for forgiveness, the expenses are not deductible since it is apparent that you will get forgiveness. So, what that means is that unless Congress does something to fix this, you will either have a taxable event for the amount forgiven and/or you will have a loan for the unforgiven portion. We think there is still a chance that Congress gets this passed, but for now it is taxable.

- One other item on the PPP is the forgiveness application. We are in the process of working on this for clients. The rules for the PPP changed multiples times, and one change to note is when your forgiveness application is now due. It is due to be turned in 10 months from the end of your 8- or 24-week period following your loan. So, if your loan was funded on 4/16/20, then 24 weeks from this date would be 10/1/20. 10 months from the end of the loan period is 8/1/21. We do not want to wait until this date to submit your forgiveness application, but there is some thought out there to wait until the issue of taxation is resolved. So, as we have stated in earlier emails, we will work on this but will not give them to you to submit unless you let us know otherwise.

As always, if you have any questions on this or any other items feel free to contact one of the CPAs at Rader & Rader.