

Hi, everyone. It's Bill Fritton again with Equity Search. We solve tax problems. Today, I'm going to try to do a quick video on a COVID-19 update as it relates to IRS problems, and the stimulus packages that are out there, the idle loans, PPP, et cetera. So, obviously, this video is not going to answer all the questions regarding the stimulus packages as it's a very complex set of issues. And the rules, regulations, and guidelines are changing almost by the hour. But we'll run through this stuff pretty quick. As always, we're here to answer questions, or help you through the maze of opportunity and problems that lie out there. So just give us a call should you need anything.

First, we're going to start with some good news. This is, in our opinion, a great time to handle your tax problem. The reasons. Time, specifically, you have more of it. You do not have the daily, in most cases, treadmill on running your day to day business. That treadmill for most of us has slowed substantially. You may finally have a bit more time to focus on your finances and processes. Even more time. Number two, the IRS and states have virtually stopped all aggressive tax collection activity. Giving you more time and more room to breathe. The PPP loans, and idle grants if used in the right way can really help with your back tax problems. But that's kind of a tricky scenario, but we've devised some means that might be able to help you. And last but not least, easier deals. When the IRS and states get back to collecting taxes, they're going to probably be pretty aggressive due to the budget shortfalls. However, we believe that this means they will be even more open to offering better and quicker deals with less hassles than previous.

I would think that the states at a minimum would offer tax amnesty programs again like they did at the end of 2008 and 2009. And I think that the IRS will make their offering compromise program more aggressive to help taxpayers. One thing that all businesses out there should definitely be taking a look at is social security deferral. As you all know, employers pay 6.2% of the first \$137,000 roughly, of wages paid to the employee. Because of COVID-19, and what's going on, you can defer the employer paid social security tax incurred after 3/12/20, through the end of the year. You'd have to pay 50% of it back by the end of 2021. The remaining 50% back by the end of 2022. If you do end up getting an SBA loan through the CARES act, you can defer the social security payments from 3/12/20, through the time your SBA loan is forgiven.

Obviously, the ramifications of this are pretty significant as it can help depending on your situation, it can really help with cashflow. As we've been going through this for the past six or so weeks, I've been answering a lot of questions with my clients, and potential clients. And I'll just share with you a few of the many questions that have been coming in to us. How do I prepare for the deals the IRS or state will offer once business resumes back to normal throughout the entire country? Given my situation with not only my tax problems, but my other debts and financial situation, should I even reopen my business? Or do I stay closed? If I do reopen, when should I reopen? Some of the questions you may ask yourself, what constraints will I face once I'm open, by the government or by society in general, or just the type of business I'm in?

Should I fully staff? And even will my employees, or when will my employees even be willing to come back? Are they better off staying on unemployment or better off coming to work when I have this PPP loan possibly? Who knows? How long will it take me to wrap up my business and sales once we do reopen? And do I have a need or should I have a definitive plan to prosper when I reopen and things you turn to a more normal state? These are all important questions and something I think all business owners need to be asking themselves and their advisors. So let's say you have applied for a PPP loan or an IDLE grant. There are some important questions and some planning that we really think you need to take advantage of before you go spending that money. Before you make decisions. Hopefully if you have applied for the PPP, you've been funded.

If you haven't, hopefully the funding is coming soon. The grants as of today, which is the first May, not sure you can get those anymore. But I do know that the last I heard there are still funds PPP coffers. So, all of that being said, some of the questions or thoughts you might want to consider. Can a PPP you loan relieve my tax debt, or help relieve my tax debt while protecting my, and my employees future income? Is a forgivable loan my best strategy to secure my financial future? Is there a better way to use that low interest loan, secure my business and my employees futures? What steps do I take to absolutely make sure that my loan is forgiven to the max amount possible? And quite frankly, should that even be your number one consideration? I think it really depends on your individual circumstance. Do I continue to pay my rent, utilities, interest, et cetera, if I've negotiated with my landlords or utility companies, or whatever to stop those payments for the time being?

How do the FTEE rules and wage reduction penalties affect my decisions with regard to spending either the grant or the PPP funds? How do I strategically balance the 75/25 rule? Payroll versus non-payroll expenses for my PPP loan? Would my business be better off taking the employee retention credit under the CARES act, as opposed to the paycheck protection program? You can only take one. And for certain businesses, the employee retention credit may be much better than the PPP.

So these are all things that I think you need to really plan for and we've been helping our clients figure out the answer to these questions. As you're aware, everything is changing rapidly in this environment. But we feel is that you really need to take the time now to plan. So that you can come out of this horrible situation on the other side, stronger and more prepared than ever. My name is Bill Fritton. Again, Equity Search. We're here to answer your questions, so just give us a call. (703) 847-6686 is my number directly. And you can look at our website at www.TaxDocs.com. That's, T-A-X-D-O-C-S.com. That's Bill Fritton. (703) 847-6686. Have a great weekend. And stay safe.