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ACCOUNTING



Coronavirus Help: Federal Tax Relief and Loans

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The coronavirus pandemic has turned the construction industry on its side. As the federal government scrambles to provide relief, a few tax and small business provisions have started to appear that can relieve some of the financial burdens you may be experiencing. Here's a roundup:

Tax deadline extensions

The Treasury Department and IRS have officially announced the federal income tax filing and payment due date is extended from April 15, 2020, to July 15, 2020.

Included in this extension are all federal taxes that are usually due on April 15, which include annual individual income taxes, corporate taxes, fiduciary taxes, and gift taxes, as well as first-quarter estimated income taxes (but not second-quarter estimated income taxes due June 15) and foreign bank and financial account reports (FBAR).

Taxpayers can defer both federal income tax filing and payments due during this time without penalties and interest, regardless of the amount owed. This deferment applies to all taxpayers, including individuals, trusts and estates, corporations, and other non-corporate tax filers as well as those who pay self-employment tax.

However, the IRS is still issuing tax refunds during this time. Accounting firms like ours are also hard at work during this time, taking the information you provide us and forming smart tax strategies, so don't delay just because you can. The more time you allow for careful planning, the better off you'll be.

It's also important to understand that this extension may not include state

and local tax deadlines. Each jurisdiction is handling those taxes independently. While several states are following the federal announcement regarding the filing and payment of personal and business income taxes, you should confirm the deadlines with each state in which you file a return.

For instance, the Texas Comptroller has not yet adjusted monthly sales tax deadlines. But if you're unable to pay, some assistance in the form of short-term payment agreements and waivers of penalties and interest may be available if you contact them through their Enforcement Hotline at 800-252-8880.

Additional federal tax relief

The IRS unveiled what it calls its People First Initiative to provide immediate assistance (through July 15) to individuals and businesses facing uncertainty over taxes. The relief temporarily covers taxpayers who were already facing IRS actions, including those with:

- Existing installment agreements. Payments may be suspended until July 15.
- Offers in Compromise (OICs), now with extra time provided to file applications, make payments, and file returns.
- Most new field and automated collection actions such as liens and levies (including personal residence seizures) un-

less they involve significant non-filing debts.

- Newly delinquent accounts that face private debt collection.
- In-person meetings scheduled for field, office, and correspondence audits (although remote correspondence may continue).
- Notice of deficiencies that aren't about to expire in 2020. (Note that deficiencies facing statutes of limitations in 2020 could still be pursued during this time.)

The list goes on, so if you've already been faced with IRS actions and want to know if your payments or penalties have been temporarily reduced, consult your tax advisor.

The IRS also recommends taxpayers take this time to address any unfiled taxes for years prior to 2019. Why? More than 1 million households that haven't filed tax returns during the last three years are owed refunds. For some, the time to receive those refunds is running out. Those with a tax liability, says the IRS, should consider taking the opportunity to resolve any outstanding debts by entering into an installment agreement or an OIC while relief measures are in place.

IRS will also be using the data on these returns to compute and pay the soon-to-be-enacted rebate program in which each taxpayer will receive \$1,200 if their adjusted gross income is \$75,000 (\$150,000 if married) or less. In addition, they could also receive an extra \$500 per eligible child.

Small business loans

Congress and the U.S. Small Business Administration (SBA) have been hard at work preparing to deliver small business loans for those affected by the coronavirus pandemic. Billions of dollars are expected to fund SBA extended loans, subsidies, and additional resources.

As of this writing, the SBA plans to work directly with state governors to provide targeted, low-interest loans to small businesses that have been severely impacted by COVID-19. The primary vehicle for this help is expected to be the SBA's Economic Injury Disaster Loan (EIDL) program, which already provides small businesses with working capital loans of up to \$2 million.

For business owners who need a smaller amount of assistance more urgently, SBA Express Bridge Loans are available. These loans allow small businesses to access up to \$25,000 to help overcome a temporary loss of revenue, particularly while waiting for a larger EIDL to be disbursed.

More guidance and details about the SBA's newly expanded loan program will be finalized this month, so keep an eye on sba.gov for the latest.

With non-essential job sites being shut down, supply chains being disrupted, and projects being put on hold, the full economic fallout of the coronavirus pandemic has yet to materialize. In the meantime, take advantage of the tax and financial relief being offered, but don't put down your guard. Now's the time to evaluate your tax and business strategies to weather the storm and prepare for the future.

Steven Bankler has more than 43 years of experience in the accounting industry. Steven's expertise lies in consulting, planning, tax, and asset protection as well as exit strategy services for closely held businesses. He also provides litigation support (both as a testifying expert witness and a consulting expert), business negotiations and estate planning. Visit www.bankler.com for additional tax strategy tips and to learn more about Steven Bankler, CPA, Ltd.