

What's The Buzz NEWSLETTER

JULY 2022



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As fire season hits in full force, we hope you all are staying safe out there. Part of being a small business in a small community is that we often are directly affected or are closely intertwined with people who are affected by these natural disasters. Keep your friends, families and pets close and know we are here along side you to help in any way we can.

-Busy Bees

Payroll Tax Increases in 2023

California employers are expected to see an increase in payroll taxes in January 2023 due to a federal loan taken against the federal unemployment insurance fund to pay out unemployment claims during the pandemic. California is 1 of 10 states which currently hold outstanding balances with the federal government. Due to the \$19 billion borrowed from the federal fund remaining outstanding over 2 years, employers will now be responsible for covering the promised payback amount in increments of \$250 million and \$750 million over a two year period. This will leave \$18

billion unpaid on the loan moving forward putting the expected payoff of the full loan amount to be extended to 2030 at the earliest. As of January 2023 it is expected that employers will be paying an additional .3% on all employee wages through FUTA tax collection to cover the 2 year payback commitment. During the recent budget bill agreement for CA, was a plan set for small business relief allotting \$500 million in funding to go to small business to help offset the increase in payroll taxes. No parameters on how to qualify for those

Cryptocurrency Losses Tax Treatment

Crypto, aka virtual currencies, have gained immensely in popularity over the last 5 years yet IRS guidance on tax treatment is limited. What we do know is that the

tax treatment of cryptocurrency currently follows the rules of a property rather than a security so wash sale rules do not apply to sales and repurchases of cryptocurrency. This is good news in the aspect of the volatility of the cryptocurrency marketplace because this means crypto owners can sell at a loss, use that loss against other capital gains on their taxes, and then repurchase the same crypto at a reduced rate without having to wait the 30 days as they would with security repurchases. The caveat to claiming the losses is that crypto owners must prove that there was economic substance to the transaction by providing explanation that their money was at risk in order to deduct the losses resulting from the trade. Knowing how quickly the crypto market fluctuates in its current climate though, does provide a strong argument that by waiting a few days to repurchase a crypto, the investment was at risk.

Middle Class Tax Refunds

to be issued between

October 2022 and January 2023

Up to \$1050

Qualification is subject to timely filing of 2020 return and AGI limits

For details visit: www.ftb.ca.gov

Accounting Titles and what they really mean

Have you ever been confused about what an accounting professional's title really means? See below for an

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|------------------------------------|---|
| CPA (Certified Public Accountant) | <ul style="list-style-type: none"> ● Licensed to consult on and perform tax and accounting activities for individuals, businesses, and other organizations ● Must qualify to sit for the exam by having at least a bachelor's degree in an accounting, finance or business related field, have 150 hours of completed education and at least 2 years of experience in public accounting ● Pass a rigorous exam ● Background check and fingerprinting ● Continuing Education of 80 hours every 2 years compiled of Ethics, Technical applications, and Review ● Basically does everything an EA can do for taxes but can do other things as well |
| EA (Enrolled Agent) | <ul style="list-style-type: none"> ● IRS certified tax specialist ● Pass a three part exam within a three year period. For insurance purposes these professionals are ● Background check and fingerprinting ● Continuing education of 72 hours every 3 years compiled of Ethics, Technical applications, and Review |
| Certified Tax Preparer | <ul style="list-style-type: none"> ● State Certified preparer ● Continuing education of 20 hours every year ● Finger printing and a background check |
| Accountant | <ul style="list-style-type: none"> ● Anyone with at least a 4 year degree in an accounting related field |
| Bookkeeper | <ul style="list-style-type: none"> ● Does not require any formal education though many with this title have taken lower level college accounting courses or certificate programs through various education platforms. ● Experience based title |



Sources:

Spidell CA Minute: <https://www.caltax.com/>

CTEC: www.ctec.org

AICPA: www.aicpa.org

IRS: <https://www.irs.gov/tax-professionals/faqs-enrolled-agent-continuing-education-requirements>