

What's The Buzz *NEWSLETTER*

MARCH 2022



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If you ever wonder what being a tax professional is like, this image sums it up pretty well. As the years progress, we run into more and more new circumstances and no two circumstances are ever the same. It can be messy to navigate and feel like going in a million directions at once. How do we stay so chipper? Well, this year we have a money pinata full of small sheets of paper covered with our seasons' woes and will of course be filled with treats before we spend our Tax Day beating it into oblivion and releasing it all back to the tax powers that be.

-Busy Bee Accounting Team

IRS Processing Issues & New Hiring

The IRS backlog has continued to create more complications for several business returns. If you have had an entity change within the last 6 months and have processed a new EIN SS-4 request with that entity change, name change, or address change it may be stuck and unprocessed in the IRS backlog. This delay has caused an EIN mismatch message when e-filing business returns and not only is causing processing complications but leading preparers to need authorization from clients to contact the IRS on their behalf to resolve the issue to forego paper filing the return and adding another item to the growing backlog. The IRS is in the process of hiring 10 thousand new employees to attend to the flood of calls and paper items needing processing though this will take time to get workers trained. Looking for a career with the IRS or know someone looking for work? Here are the links:

IRS Careers <https://www.jobs.irs.gov/>

Find an IRS Job <https://www.jobs.irs.gov/find-job>

New Hire Orientation <https://www.jobs.irs.gov/irs-new-hire-orientation>



Student Loan Repayment Extension

Along with the CARES Act came the Student Loan Payment Relief During the COVID-19 Pandemic which suspended loan repayment, interest, and collections by the Department of Education on student loans through September 30, 2021. A memorandum was made to this extension pushing student loan collections back to May 1, 2022. This includes all payroll wage garnishments associated with the collection of student loans.

California Gas Rebate Proposals

Over the last few weeks multiple proposals for how to alleviate the high gas costs for taxpayers have been introduced. The first was to temporarily suspend the gas tax imposed when purchasing gas which would reduce gas prices 51 cents per gallon. The second and most recent was introduced Thursday March 17 which was a proposal to give direct relief by sending \$400 to each taxpayer which was thought to be equivalent to one year of the previously proposed gas tax holiday. The \$400 rebate does not consider business with higher amounts of travel such as trucking, logging, and aviation. Currently there is no set plan for the rebate to be released but we can all get behind the idea of some relief from the costs of gas.



Tax Day



The 2021 Tax Day deadline has NOT been extended this year and remains April 18, 2022. If you file an extension, your time to file will be extended to October 17, 2022.

NOTE: An extension only extends the FILING deadline, not the PAYMENT deadline. Any monies owed on 2021 taxes will begin accumulating penalties and interest as of the April 18th deadline.

Business Basics

Entity Types

Before creating a business or when considering changing your entity type, it is important to know more about each type and how it will change things for you and your business. The chart below has been created to help outline some of those key elements to common business entity types.

Sole-Proprietor

- Taxation: Sch C on personal return
- Liability shield: None, owner is directly liable
- Fictitious business name filing if you have a DBA name
- Upkeep: SIMPLE
 - business licensing, payroll reporting if you have payroll, personal tax return

LLC

- Entity taxation
- Liability Shield: Yes, Company is directly liable
- Upkeep: MORE INVOLVED Same sole proprietor upkeep with addition of \$800 CA Annual franchise tax, Annual SOI Filing, separate company tax return

General Partnership

- Taxation: Pass through personal via K-1
- Liability shield: None, owners are directly liable
- Upkeep: LESS INVOLVED. Same sole proprietor upkeep with addition of a separate company tax return

S-Corporation

- Taxation: Pass through personal via K-1
- Liability Shield: Yes, Company is directly liable
- Upkeep: MORE INVOLVED. Same sole proprietor upkeep with addition of Annual Shareholders meeting, annual SOI Filing, separate company tax return

C-Corporation

- Taxation: Entity Taxation separate from personal
- Liability Shield: Yes, Company is directly liable
- Upkeep: MOST INVOLVED. Same sole proprietor upkeep with addition of \$800 CA Annual franchise tax, Annual SOI Filing, Annual Shareholder's meetings, and separate business tax return

Non-profit Corporation

- Taxation: No federal & State Income Tax but may be subject to State Sales & Use Tax
- Upkeep: MORE INVOLVED. Sales & Use Tax Filings quarterly, IRS Annual information return, CA Annual treasurer's report, Annual SOI Filing, Annual Registry of Charitable Trust filing, Annual Meetings at least

Have an idea of other Business Basics topics you would like us to cover?

Message us on our webpage or Facebook!

<https://www.busybeeaccounting.com/>

<https://www.facebook.com/busybeeaccounting>

Sources:

ADP Changes & Updates information

IRS <https://www.jobs.irs.gov>

KCRA News <https://www.kcra.com/article/california-lawmakers-to-announce-gas-rebate-proposal/39456980>

ABC30 News <https://abc30.com/california-gas-rebate-prices/11659790/>

CalNonProfits <https://calnonprofits.org/resources/starting-a-california-nonprofit>

National council of Nonprofits <https://www.councilofnonprofits.org/tools-resources/annual-filings>

Harbor Compliance <https://www.harborcompliance.com/information/california-nonprofit-compliance>

