



Key Practice Management and Accounting Updates

UPCOMING DUE DATES

July 31 – Form 5500 for Qualified Retirement Plans (401(k), Profit Sharing, Defined Benefit, etc.) is due unless extended

September 15 –

Quarter 3 Form 1040 ES - Estimated Tax Payments for Individuals

Form 1065 (Partnership) and Form 1120 (S corporation) tax returns due and is also last day to fund retirement plans for 2019 for extended returns.

September 30 –

Form 1041 – Trust Tax Returns due

October 15 –

Form 1040, Individual Income Tax Returns

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INFORMATION ON FILING CITY OF SEATTLE B&O REPORTS PREVIOUSLY EXTENDED

For those who requested a due date extension from City of Seattle for B&O taxes, if you proceed with filing prior to the extended due date with Quarter 3, you may be assessed a penalty and interest for late filing. We were instructed by the City to report all earnings in the most current period (for example, report Quarter 1 as \$0.00 and include Quarter 1 and Quarter 2 earnings with Quarter 2). However, if using this method, we encourage you to call the City and discuss with them. Otherwise, you would file by quarter and pay the tax due plus interest and penalty and the City would later reimburse you.

S CORPORATION SALARY SCHEDULES

If you have not gone back to the recommended salary schedule provided for S Corporation owners for 2020, we recommend you do so now. We will also be coordinating changes that may be needed before year end. If you have concerns, please reach out to your account manager.

PPP LOAN FORGIVENESS APPLICATIONS – THINGS TO CONSIDER NOW

1. Check with your lender to determine when they will be ready to accept applications.
2. If you used PPP funds for non-payroll items early on, you may still complete the application for forgiveness utilizing only payroll costs assuming you paid that much.
3. If you believe you have “spent” all the PPP proceeds on payroll, you may draft your PPP loan application in anticipation of your lender being ready to accept it. Note - there is potential for additional changes from Congress and Treasury with regard to the loan forgiveness process.

TAXABILITY OF GRANT INCOME

As you are preparing your B&O returns, remember that Grant Income (Delta, EIDL, and others) is not considered taxable income for Washington B&O so do not include this on your B&O tax return.



RECORDING ACTIVITY RELATED TO THE DELTA DENTAL REIMBURSEMENT ADVANCE PROGRAM (RAP)

To Record the Loan - You will need to create a new Liability account in QuickBooks called “Delta Dental Advance” or something similar. The original deposit of funds should be recorded to this account rather than “Patient Receipts” as you normally would record a deposit.

To Record the Repayment - Delta Dental will deduct the repayment amount from your weekly claim. This should clearly be reflected on your EOB. Patient accounts in your practice management system will be credited for the full payment as you normally would do.

In QuickBooks, you will record the deposit in a similar fashion. Record Net Patient Receipts for income credited to patient and then deduct the repayment amount of the advance to the “Delta Dental Advance” account you created earlier to equal the net deposit of funds into your bank account.

Given that a picture is worth a 1000 words, check out the resource on our website – [Linked Here](#)

1099's – CHANGES WITH REPORTING FOR 2020

The IRS has indicated that for the tax year 2020, businesses may need to file both Forms 1099 – MISC and 1099-NEC.

- 1099- MISC will generally only be for reporting payments made for rent paid to your landlord
- 1099-NEC (Nonemployee Compensation) is payments made to vendors that provide a service to you that are not incorporated (janitorial, labs, legal and accounting for example)

All the more reason to use one of the services associated with your QuickBooks program that will report this for you. However, it is important that you properly tag the vendors in QBO. Remember that payments made by credit or debit card are not subject to the issuing of 1099's. Consequently, if you pay given vendors 100% by card – you will not need to include them in your 1099 issuance.

QUICKBOOKS

If you are not on Version 2019 or 2020, it is time to upgrade. We recommend you consider upgrading to **QuickBooks Online (QBO)** as it may add value and flexibility to your practice over the long run. Not only does it allow you to login and "see" your books from anywhere in the world, but it also gives us (and anyone else you grant access to) the ability to make changes and adjustments to your books in real time.

We can also offer you a discount on the monthly QBO subscription fee from the normal retail cost by adding you to our firm's account. The cost can vary but is roughly \$25 or \$40 per set of books (this would be added to your monthly retainer fee).

PERSONAL TAX PAYMENTS – EFTPS

The Electronic Federal Tax Payment System (EFTPS) can be your best friend when it comes time to making estimated tax payments. On demand and on time payments can be done 24/7, no postage required. You can even make multiple payments well in advance allowing those making quarterly estimated payments to enter all four estimates for the year <https://www.eftps.gov/eftps/direct/Help.page>. Or you may go directly to www.irs.gov and make a payment there.

Questions? Please email us at mail@cpa4dds.com or call us at 425.216.1612