

News You Can Use

The Successful Dentist™



Key Practice Management and Accounting Updates

DEADLINES

May 17, 2021 –

- Form 1040
- Tax due for 2020
- IRA funding for 2020
- Retirement Plan contribution for sole proprietors

June 15, 2021 –

Quarter 2 Estimated tax payments for 2021

QUICKBOOKS

QuickBooks Pro 2021 is now available for purchase. Please update to QuickBooks 2021 if you are currently using 2019 or older. Or talk with us regarding switching to QuickBooks Online – this may be the best option for most!

IRS STANDARD AUTO MILEAGE RATE

The standard reimbursement rate for automobiles is 57.5 cents per mile for 2020 and 56 cents per mile for 2021.

5808 Lake Washington Blvd NE
Suite 101
Kirkland, WA 98033
425.216.1612 | 425.216.1613 fax
mail@cpa4dds.com

IRS REFUND STATUS

As many of you may have heard, the IRS continues to process a backlog of returns and is somewhat behind. If you are curious as to the status of your IRS refund, we recommend you check the IRS website - <https://www.irs.gov/> and click on “Get Your Refund Status”

You will need your filing status, the social security number of the taxpayer as listed on your return, and the refund amount.

PERSONAL TAX PAYMENTS - EFTPS

Still writing checks to the IRS each quarter for your tax due? The Electronic Federal Tax Payment System (EFTPS) can be your best friend when it comes time to make 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.

NEW PORTAL SYSTEM – TAXCADDY

We had tremendous feedback on our new TaxCaddy portal used for tax season this year. TaxCaddy made it easier than ever to gather your 1040 tax documents and deliver them to us, communicate with us, answer your questionnaire electronically, and sign documents.

For those that haven't signed up yet, we encourage you to do so as it is the means for delivering your tax returns. Need help? Give us a call and we can assist you.

TERMINATION OF NET PORTALS (OLD PORTAL SYSTEM)

Effective June 1st, 2021, the old Net Client Portal system will be no longer be accessible. If you have documents in the old portal system, please download them before June 1st. You may upload those documents to the new TaxCaddy software and use that as your storage location. If you later realize you need something, simply call and we can email it to you via a secure and encrypted email. Please note that adding folders for prior years is not currently available in TaxCaddy. We recommend clearly labeling them with dates in the name and using the 2020 folder while keeping 2021 open for current files.

PAYROLL TAX RATE NOTICES

State Unemployment Rates in Washington State dropped during the middle of the first quarter 2021. While this was excellent news as most offices saw a significant rise in unemployment rates due to the furloughs during the COVID closure, for many it is resulting in an overpayment of tax. In most cases, your payroll company will take care of the reporting on this and you may see either a refund of overpaid tax or possibly that overpayment will be applied to future quarter taxes. If you receive a refund check, please deposit that to your business checking account and categorize the negative expense as “Payroll Taxes”.

STATUS OF HHS REPORTING

Many of you have inquired on the status of HHS Reporting. As you may recall, reporting was to begin on January 15th and you were required to complete your reporting by February 15th. As of this writing, HHS indicates the “functionality is not currently available” and that you will be able to log into the PRF Reporting Portal when the system is ready. If you received HHS grant money and have not already registered, we recommend you do so here <https://prfreporting.hrsa.gov/s/>. If we hear any updates, we will let you know.

ERC AND PPP MAXIMIZATION

The time is finally here – we are rolling out our ERC and PPP maximization service. We will be contacting each of our clients in May to determine your qualifying period and potential credit and to determine if pursuing the credit is worthwhile depending on your specific set of circumstances.

Assuming the net benefit will outweigh the cost to pursue the credit, we will work with you to calculate the amounts to claim for both programs and will prepare the 941X Form(s) (Amended Federal Payroll Tax Forms) for you to submit the claim for refund. The process will also involve amending your 2020 income tax return(s) (if already filed) with additional income tax due. The ERC (a payroll tax credit – reduces your deductible payroll expense) will more than offset any income tax increase.

Our goal is to have this wrapped up as quickly as possible so that PPP forgiveness application can be submitted before any required PPP loan payments are due (10 months after the covered period which presumably was the 24-week period starting the day you received the original PPP loan proceeds). Example: A PPP loan received on 5/4/2020 using a 24-week covered period (ends on 10/19/2020) has up to 8/19/2021 before a monthly payment is due.

DEDUCTION FOR MEALS

A reminder - with the latest tax bill, business meals purchased from restaurants (whether to go or eaten in the restaurant) are 100% deductible through 2022.

This new law was enacted to promote increased business spending at restaurants. However, a restaurant does not include a business that primarily sells pre-packaged food or beverages not for immediate consumption, such as a grocery store; specialty food store; beer, wine, or liquor store; drug store; convenience store; newsstand; or a vending machine or kiosk.