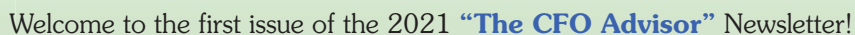




# The CFO Advisor

**Guidance for Small Business Success™**



The rest of the newsletter is jam-packed with information that will help you start your year right.

Dwight L. Hulse, CPA/CITP, CGMA

You could soon see another stimulus payment in your bank account with the recent passage of the Emergency Coronavirus Relief Act of 2020, which means more direct relief to you and your family. Here are some of the major points you need to know that are buried inside this \$900 billion piece of legislation.

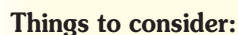
benefits of up to \$300 per week are extended through March 14. Benefits for self-employed workers, set to expire at the end of 2020, are also extended.

- If you have not already done so, you must file for unemployment with your state.

- These benefits also apply to self-employed and part-time employees. Many workers who were eligible for this unemployment earlier in 2020 did not file because this class of workers is typically not eligible for most state unemployment programs.

Administration (SBA) for a new round of PPP loans. The new loan program is targeted to businesses that need the funds. To qualify, your business must have 300 or fewer employees and have seen a drop in revenue of 25% or more during any quarter in 2020. Some of the money is earmarked for very small borrowers, underserved communities, and small lenders. There are even simplified requirements for forgiveness if the loan amount being applied for is less than \$150,000.

There is much more in this huge bill, including relief for hard-hit industries, education, student loans, and vaccine assistance. Please keep up-to-date as more is learned after a full review of the bill is made available.



- Extension of unemployment benefits.** Federal unemployment

## 2021 Retirement Plan Limits

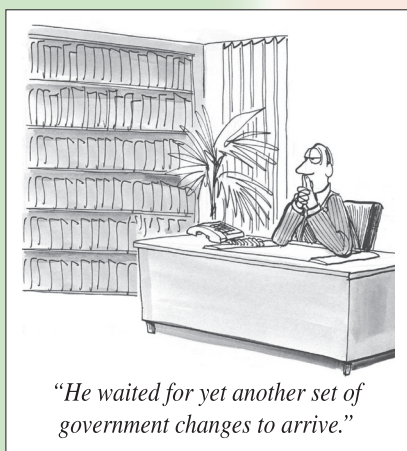
As part of your 2021 tax planning, now is the time to review funding your retirement accounts. By establishing your contribution goals at the beginning of each year, the financial impact of saving for your future should be more manageable. Here are annual contribution limits for 2021:

Plan		2020	2021	Change
SIMPLE IRA	Annual Contribution	\$13,500	\$13,500	No Change
	50 or over catch-up	Add \$3,000	Add \$3,000	No Change
401(k), 403(b), 457 and SARSEP	Annual Contribution	\$19,500	\$19,500	No Change
	50 or over catch-up	Add \$6,500	Add \$6,500	No Change
Traditional IRA	Annual Contribution	\$6,000	\$6,000	No Change
	50 or over catch-up	Add \$1,000	Add \$1,000	No Change
AGI Deduction Phaseouts:	Single; Head of Household	65,000 - 75,000	66,000 - 76,000	+ \$1,000
	Joint nonparticipating spouse	196,000 - 206,000	198,000 - 208,000	+ \$2,000
	Joint participating spouse	104,000 - 124,000	105,000 - 125,000	+ \$1,000
	Married Filing Separately (any spouse participating)	0 - 10,000	0 - 10,000	No Change
Roth IRA	Annual Contribution	\$6,000	\$6,000	No Change
	50 or over catch-up	Add \$1,000	Add \$1,000	No Change
Contribution Eligibility	Single; Head of Household	124,000 - 139,000	125,000 - 140,000	+ \$1,000
	Married Filing Jointly	196,000 - 206,000	198,000 - 208,000	+ \$2,000
	Married Filing Separately	0 - 10,000	0 - 10,000	0 - 10,000
Rollover to Roth Eligibility	Joint, Single, or Head of Household	No AGI Limit	No AGI Limit	No AGI Limit
	Married Filing Separately	Allowed / No AGI Limit	Allowed / No AGI Limit	Allowed / No AGI Limit

### Take action

If you have not already done so, please consider:

- Reviewing and adjusting your periodic contributions to your retirement savings accounts to take full advantage of the tax advantaged limits.
- Setting up new accounts for a spouse or dependent(s).
- Using this time to review the status of your retirement plan.
- Reviewing contributions to other tax-advantaged plans including flexible spending accounts and health savings accounts.



## PPP Loan Expenses Are Now Tax Deductible

If you or your business received funds from the Paycheck Protection Program (PPP), the recently passed Emergency Coronavirus Relief Act of 2020 will help to dramatically cut your tax bill. Here's what you need to know.

### Background

The PPP program was created by the CARES Act in March 2020 to help businesses which were adversely affected by the COVID-19 pandemic. Qualified businesses could apply for and receive loans

of up to \$10 million. Loan proceeds could be used to pay for certain expenses incurred by a business, including salaries and wages, other employee benefits, rent and utilities.

If the business used at least 60% of loan proceeds towards payroll expenses, the entire amount of the loan would be forgiven.

### The Dilemma

While the CARES Act spelled out that a business's forgiven PPP loan would not be considered taxable income, the legislation was silent about how to treat expenses paid for using PPP loan proceeds if the loan was ultimately forgiven.

Congress intended for these expenses to be deductible for federal tax purposes. But since the legislation was silent on this issue, the IRS swooped in and deemed these expenses to be nondeductible.

There was considerable debate over the latter half of 2020, with Congressional politicians explaining that their intent was that the expenses be deductible and the IRS responding: *Too bad, they're nondeductible.*

### The Solution

Congress overruled the IRS's position in the Emergency Coronavirus Relief Act of 2020. The legislation officially makes deductible for federal tax purposes all expenses paid for using proceeds from a forgiven PPP loan.



### Are You In Need of a Trusted Business Advisor?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As an experienced business advisor, I have worked not only in private and public industries but also across many functional areas and can help you implement best practice solutions to improve profits.



### Do You Have A Tough Accounting / Finance Question You Want Answered?

I love hearing from my small business clients and friends who enjoy reading my monthly newsletter. I'm always looking to answer pressing questions you might have relating to small business.

If you have a question, tip or idea, please call me at 352-450-2880 or email me at [dwight@dlhulseconsulting.com](mailto:dwight@dlhulseconsulting.com). Perhaps I'll feature you in a future issue!





## Why 2021 Could Be the Best Year For You to Start a Company

Now that 2020 has encouraged us to embrace the fact that so many things are out of our control, we're able to see more clearly what has been working in the world, and what hasn't. We also have more time to put our energy toward areas of our lives that are within our control. And yes, 2020 has given us an opportunity to reset, refocus, or just re-think what we want in the future.

But you think — is it wise to start a business in the midst of confusion, uncertainty, and even fear?

During the 1957 to 1958 recession, the first Hyatt hotel opened.

Microsoft was founded during the oil embargo recession of 1973 to 1975.

The Great Recession from 2007 to 2009 saw the creation of several startups like Uber as well as the popular vacation rental marketplace Airbnb.

If you've been wondering whether or not now is the best time to start a company, or if you've already started to dip your toes into entrepreneurship but are second-guessing your decision, here are three reasons why you should trust your instincts and go all in.

**# 1** - The consumption of online content is higher than ever, making it a great time to start a company. Consumers' ever-increasing problems mean they're seeking more solutions than ever. It's now become easier and more accessible for everyday people to start businesses such as e-commerce,



virtual assistant work, coaching, or becoming a freelance writer, designer, or developer. E-commerce has spiked by nearly 40% in the wake of COVID-19.

If you think about how your own consumption and purchasing behaviors have changed over the last few years, it's easier to spot trends in where we are heading in the world of consumption and business.

If you think about what solutions you wish you had, which aren't currently being met, chances are there are others looking for the same solutions.

**# 2** - More time spent being introspective has helped us home in on our unique gifts and strengths.

As we began to spend more time in our homes, we had more time to do what we loved. For many of us, this meant cooking, writing, speaking, and creating in ways that are unique to our own genius.

We so often doubt ourselves and what we are good at — to the point where it stops us from taking the next

step toward our highest desires. We believe that our gifts are not unique gifts. We believe our talents come easily to everyone, when in reality, you're incredibly gifted.

While some people may be good at your talents or able to learn them quickly, they may not necessarily enjoy it. When you enjoy it, your passion and energy shines through your work. Work

becomes effortless and enjoyable when you're living in true alignment with your soul and heart's desires.

**# 3** - A recession can expand the available workforce.

The pandemic forced millions of people out of their jobs. If those people don't decide to start their own companies, they'll be looking to join those who do, putting their experience and expertise where it's most valued.

Not only are we helping those in need of financial relief during challenging times, we are connecting those same people with missions and new business ideas that are truly life-changing.

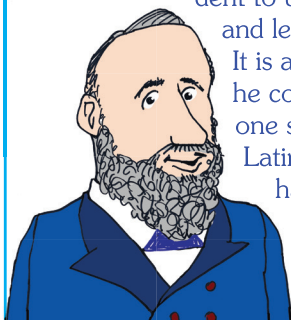
If you're hesitant about starting a business during this time, look for the reasons why it will work, instead of why it won't — because what we focus on grows.

The world of online business is the new normal, and many successful leaders, businesses, and companies are creating during times of turmoil.

### DID YOU KNOW?...

According to the Huffington Post, James Garfield was the first president to be both right and left handed.

It is also said that he could write one sentence in Latin with one hand while writing in Greek with the other.



### Quotes:

*"The New Year is a painting not yet painted; a path not yet stepped on; a wing not yet taken off!"*

*Things haven't happened as yet! Before the clock strikes twelve, remember that you are blessed with the ability to reshape your life."* - **Mehmet Murat ildan**

*"New year is another opportunity of seeing life with little more caring, compassion, maturity, and beauty."* - **Amit Ray**

*"A New Year is like a new day; with fullness of sacred grace to fulfill the God-given dreams."* - **Lailah Gifty Akita**

*"New year is the glittering light to brighten the dream-lined pathway of future."* - **Munia Khan**





## D.L. Hulse Consulting, LLC

I provide entrepreneurs with clarity and peace of mind for making better business decisions.

P.O. Box 357778, Gainesville, FL 32635-7778

www.dlhulseconsulting.com

Phone: (352) 450-2880

Email: dwight@dlhulseconsulting.com

### See What's Inside...

More Stimulus Payments on the Way

2021 Retirement Plan Limits

PPP Loan Expenses Are Now Tax Deductible

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DID YOU KNOW?...

Receiving Form 1099-MISCs/NEC

Changing Marital Status? What You Need To Do

*Disclaimer: Any accounting, business, or tax advice contained in this communication, is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties.*

### Receiving Form 1099-MISCs/NEC

Form 1099 is used to report certain types of non-

employment income to the IRS, and there are many different types. Aside from having to issue Form 1099s to your subcontractors,

your business (or you) might receive 1099s as well.

- The IRS matches 1099s with your tax return; if you fail to report one, it will pursue you for taxes owed.
- You are responsible for paying the taxes you owe even if you don't get the form from a payer, so make sure to include those earnings in your tax return.
- If you receive an incorrect 1099 form and the payer has already sent it the IRS, ask them to send in a corrected form.

### CHANGING MARITAL STATUS? WHAT YOU NEED TO DO

Have you recently married, divorced, or lost a spouse? A change in marital status should prompt a review of financial matters, but at such a time it is easy to overlook the details. Here are a few reminders and suggestions.

**Insurance coverage.** When your marital status changes, review your insurance policies. Combining separately held health insurance policies with a spouse can result in savings and discounts. Most group health insurance policies allow spousal coverage. You may want to opt for coverage under your partner's policy if superior or less expensive coverage is offered. Married couples are often considered a better insurance risk, so together you may qualify for a lower rate. Also evaluate your need for disability or long-term care insurance.

**Beneficiary designations.** Review beneficiary designations on life insurance policies and retirement accounts.

**Estate planning.** Update choices that

have become obsolete. Incomplete paperwork or inappropriate choices could mean your intended beneficiary may not end up with your assets. You should periodically review and update your existing will and other estate planning documents.

This is especially important whenever your marital status changes. Before you get married, consider a prenuptial agreement if there are children from a prior marriage or if you own substantial assets.

**Other documents.** Review any other important documents. If you change or hyphenate your name, notify the Social Security Administration and Department of Motor Vehicles of your name change. Make copies of your estate papers and final divorce decree. Keep the originals in a safe place.

**Tax planning.** Your tax liability will likely change when you marry, divorce, or become a widow. Newlyweds may face higher taxes due to the so-called marriage penalty. In either case, you may need to change your income tax withholding or estimated tax payments.

