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The CFO Advisor

Guidance for Small Business Success™



Welcome to the May 2021 edition of “The CFO Advisor” Newsletter! What a crazy tax season!

We start this month’s newsletter with an article about how new legislation might impact your business and tax situation. Also, read about the new way that many Americans are working now – remote workers. You’ll also find several tips for showing appreciation to your team.

Until next month...

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Keys to Managing Remote Workers

Did you know that 40% of employees already worked remotely in some capacity before the pandemic began in 2020 according to a recent *Gallup poll*? By the end of summer in 2020, that percentage rose to 58%.

With working remotely becoming more popular over the years, even before the pandemic, it’s plausible that the widespread use of remote working policies by employers will continue following the pandemic’s conclusion. If you’re someone who supervises employees, learning how to work with and manage remote workers will be a necessary skill going forward.

Here are several suggestions for managing remote workers in your business.

Know your employees. Working remotely requires self-discipline. Whether working from a downtown office or a bedroom, employees need to complete projects, make phone calls, and write reports. If a manager believes an employee can’t steer clear of distractions and get the job done, working from home may not be a good alternative for that worker.

Set expectations with written guidelines. A well-documented policy can help your business think through the implications of working from home. For example, guidelines might address the number of days per week that remote working is allowed, how staff should protect confidential information, and worker responsibility for office equipment. An agreement signed



by both the remote worker and management can also prevent misunderstandings.

Communicate effectively and often. Keeping workers apprised of deadlines, schedules, and goals can be challenging when the conference room is virtual. Use whatever means are at your disposal — including email, video conferencing,

and phone calls — to collaborate with your team and provide feedback to individuals. Assign someone in each meeting to summarize the discussion, send out minutes, and specify who is doing what and when it is to be done.

Develop scorecards. At the end of the day, you want your workers to get their work done on time and accurately, all while adding value to your business. The more clearly you document their deliverables, the more readily you can determine if working from home is effective.

Know and address the challenges. Be ready to take corrective action if working from home is becoming a problem. Your first clue something may be amiss is if an employee isn’t

meeting expectations from your scorecards and assignments. Your second clue will be observational. Are there distractions during your calls or meetings? Is your employee available when others call? Is the home setup in an open living space or in an office-like setting?

Working from home may now be here to stay, so you will need to ensure it works for BOTH your employees and your business.





New Tax Breaks Benefit Millions

What you need to know

The recently-passed American Rescue Plan Act contains several tax breaks for you and your family. Here are the major provisions of the bill that could mean more money in your pocket during the 2021 tax year.

Child tax credit (CTC)

- The CTC for 2021 increases from \$2,000 to \$3,000 for kids ages six to 17 and \$3,600 for kids ages five and under.
- To receive the full tax credit, your adjusted gross income must be under \$75,000 (Single); \$150,000 (Joint); or \$112,500 (Head of Household).
- If your income is above the aforementioned thresholds, you can still receive \$2,000 per child if your income is less than \$200,000 (Single, Head of Household); or \$400,000 (Joint).
- You can receive up to 50% of your 2021 child tax credit in six monthly payments starting July 2021. The IRS is warning, however, that this July start date may be delayed because a computer system still has to be built to handle these monthly payments.

Child and dependent care credit (DCC)

If you and your spouse work and have children in daycare, or have an adult that you care for, you may be eligible for a larger tax credit in 2021.

- You can now spend up to \$8,000 in dependent care expenses for one qualifying dependent and get a 50% tax credit. This results in a maximum credit of \$4,000 (up from \$1,050).
- If you have more than one qualifying dependent, you can spend up to \$16,000 in dependent care expenses and get a 50% credit. This results in a maximum credit of \$8,000 (up from \$2,100).
- To receive the full tax credit, your adjusted gross income must not exceed \$125,000.
- Dependents can include people of all ages, not just kids, as long as they meet the dependent qualifications.

Earned income tax credit

- If you're a household with no kids, the maximum earned income tax credit increases from \$543 to \$1,502.

- More taxpayers qualify for the credit. The lower age limit for receiving the credit decreases from age 25 to age 19. The upper limit of 65 for receiving the credit is eliminated. There is no upper age limit for 2021.

- You may use either your 2019 income or your 2021 income when calculating your credit to obtain the maximum credit.

Stimulus checks

- A third round of stimulus payments in the amount of \$1,400 is being sent to qualified taxpayers.
- The payment phases out for income over \$75,000 for single taxpayers, \$112,500 for head of household taxpayers, and \$150,000 for married couples.

Actions to take

• Look for updates on the advance payments for the child tax credit.

The IRS is sorting out how to get half of your child tax credit to you in 2021. Stay tuned for updates as to whether the payments will begin in July or if they will be delayed. You may also opt out of this early payment, but will need to wait for instructions on how to do so.

• **Consider increasing dependent care expenses.** Look ahead to the rest of 2021 and consider if you should increase your dependent care expenses to take advantage of the significant increase in this credit. If you increase your dependent care expenses in 2021, remember you won't be able to include the same amount of expenses when calculating your credit in 2022, as this tax credit increase is currently for 2021 only.

• **Conduct a tax forecast.** With the dramatic increase in these credits, you may want to estimate next year's tax bill. It may make sense to adjust your withholdings to account for a lower tax obligation.

• **Be conservative when forecasting your earned income tax credit.** It is uncertain how the expanded earned income tax credit will impact those over 65 when you have no children. For example, are Social Security benefits considered earned income when calculating the earned income tax credit? Does the larger standard deduction for those over 65 affect the earned income tax credit calculation? Until clarification is issued by the IRS, you may wish to be conservative about the credit amount you'll receive.



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. Perhaps I'll feature you in a future issue!





The Gift Of Grace

After living under the weight of the pandemic for more than a year and listening every day to the bad news around us, why not look for ways to change the conversation by doing something nice and unexpected for someone else.

Here are some creative ideas:



Pay it forward. The next time you are in a drive-through line to pick up food, pay the bill for the car behind you. This unexpected act of kindness is sure to bring a smile.

Become a tutor. Many students find virtual classrooms to be challenging

and could use some extra help. And you don't need to be an expert! Even with students re-entering the classroom, your local school may be in need of assistance.

Look to your neighborhood. Every neighborhood has someone who could use help. From single parents to seniors, simple everyday chores could be a real chore for them. It might mean mowing the grass or offering to go shopping to pick up items for them while you are out. And if you're up for it, consider offering free babysitting services for an hour or two so parents can take a well-deserved break.

Make an elderly friend. Call a local nursing home or assisted care facility and ask if they have a friendship program that connects you with a resident that could use a pen pal. Get your kids to create a card with a picture to go with a short letter they write themselves. When it's appropriate after the pandemic, consider regular, in-person visits to say hi to your new pen pals.

Do a good deed daily. This is a great way to create the habit of undertaking daily, random acts of kindness. By doing a good deed every day, your vision will change and you'll see more opportunities to help. Opening a door, picking up trash, or helping a single parent who is juggling different tasks are all great examples of this.

Bring back forgiveness. When someone makes a mistake, provide an environment to accept an apology and leave room to genuinely forgive. Continue to be a role model in displaying the act of forgiveness.

Giving the gift of grace is not only rewarding for you, but is also contagious to everyone around you.

Businesses Get More Time to Apply For PPP Loans

Legislation provides other business relief provisions

Here's what you need to know about the Paycheck Protection Program (PPP) loans and other business relief provisions of the recently-passed American Rescue Plan Act.

PPP loan application deadline extended. The deadline to apply for PPP loans is now May 31, 2021.



Sick leave extended. If your business provides sick leave for COVID-related reasons, you might get reimbursed for the sick pay through a tax credit.

Businesses which voluntarily provide sick leave through September 30, 2021 qualify for the credit. There are limits for each employee. However, for employees who took 10 days of sick leave in 2020 using this same provision, they can take another 10 days beginning April 1, 2021.

Refundable tax credits are available through September 30, 2021.

Covered reasons to get the tax credit now include sick leave taken to get COVID testing and vaccination, and to recover from the vaccination.

These benefits are also extended to self-employed workers.

Family Medical Leave Act Provisions extended.

Additional coverage is now available through September 30, 2021.

Qualified wages for this provision move to \$12,000 (up from \$10,000), however the credit was not increased.

The Family Medical Leave Act also applies to the self-employed.

Big increase in Employee Retention Credit.

Businesses can get up to a \$28,000 tax credit per employee in 2021, up from a \$5,000 maximum credit in 2020.

This credit can be claimed through December 31, 2021.

There are many more provisions in the close to \$2 trillion dollar spending package, including money given to states. As everyone digests this new 500-plus page piece of legislation, more clarifications will be forthcoming from the IRS and other sources.



Quotes: "You only have to do a few things right in your life so long as you don't do too many things wrong." — **Warren Buffett**

"Business opportunities are like buses, there's always another one coming." — **Richard Branson**

"Innovation basically involves making obsolete that which you did before." — **Jay Abraham**





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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.

Give Your Children the Financial Education They Need

Most parents, at one time or another, have asked their teenaged child, "Do you think that money grows on trees?" While the question is just a common expression, it hits at an underlying truth. Children on the verge of adulthood often don't have a clue about financial matters.

For instance, can you honestly say that your brood knows enough about managing debt, saving for college, or planning for retirement? If not, here are a few financial tips you should pass along.

Debt management. Debt doesn't have to be treated like a four-letter word. In fact, there are times when it makes financial sense to borrow money, such as taking out a home mortgage. But caution your children about over-extending themselves, especially when it comes to credit card debt.

College savings. At an early age, include your children in planning for their college education. When appropriate, let them participate in investment decisions, and monitor portfolio progress together on a regular basis. Also, point out the advantages of tax-advantaged vehicles such as 529 plans and Coverdell Education Savings Accounts.

Retirement planning. Sure, retirement is way off your child's radar screen, but don't ignore the need to plan ahead. Advise your child about the benefits of tax-sheltered retirement vehicles. If your child works summers or part-time, he or she can contribute up to \$6,000 to an IRA for 2021. Contributions to a traditional IRA are tax-deductible, but distributions are taxable. On the other hand, contributions to a Roth IRA are not deductible, but qualified distributions are tax-free.

Is that all there is? Not by a long shot. But these simple suggestions will be a good start.



Basics Of Showing Appreciation To Team Members

Showing appreciation and recognizing your employees' hard work can benefit both your company and your staff. Some of the biggest benefits include:

Increased morale: When employees receive recognition for their hard work, they feel personally appreciated, which improves their confidence and their enthusiasm for their job. Increased morale makes it more likely that employees stay at your company for longer.

Improved engagement: Regular employee recognition and reward systems often incentivize team members to do their best, which leads to increased engagement at work and a greater sense of connection to the company.

Better performance: When employees believe they will receive appreciation for good work, they perform better and increase productivity levels, which can contribute to better results and business growth.

Stronger company culture: Businesses that recognize employees frequently often incorporate appreciation into their company culture, which can create a positive work environment and a stronger sense of teamwork.

