

THE FINANCIAL EDGE

October 2020



SCARY NO. MAGICAL YES!

Personal comments by Mary

I am tired of all the fear in society today. Halloween is supposed to be scary. Usually it's ghosts, goblins and someone chasing someone with a chainsaw. This year we have Covid 19 and the Presidential election. I want to erase the scary and find the magic for this Halloween season.

I am not looking for David Copperfield magic. I am looking for the magic in everyday life. The magic in the beautiful color of the leaves changing from green, yellow, orange and brilliant red, to nature's music and dancing movements of water cascading over rocks and the crispness of a cool morning as the sun rises and a fine mist rises from the earth. The magical moments when I am awed by nature.

Whether I feel fear or the awe in nature's magic – I know I have a choice over which perspective I pay attention to. Lately it is easy for me to be cynical with politics in my face and a daily coronavirus update. I wonder if I changed how I see my world if I could bring the awe and magic to life.

What would it take to look at the world through the eyes of a child - watching tv for the first time and wondering why I cannot touch the people on the screen or why pushing a button makes them disappear? Or why the sky is crying when it rains.

Recently I got a chance to experience the awe and magic. I finally took some time off and stayed in Door County. It was cold and misty when I was there. However, I did see the waves crash against the docks, the leaves changing colors and the canopy of the trees as we drove through the countryside. I was dedicated to focusing on the magic and awe instead of listening to the news.

Happy fall!

**Mary
Guldan-
Lindstrom**



"I enjoy working with Mary because she at least has you prepared for tax day. Even though you may not enjoy sending checks into Washington DC, you at least know what to expect. There aren't any surprises on the last day. You can formulate a plan to make sure you have enough cash available to send in without losing sleep over the pending tax bill. Mary also is great at communicating with you throughout the year. She also looks for opportunities for you to reduce your tax liabilities and stay out of trouble with the IRS.

I do not enjoy this part of my business, but Mary makes it easier to deal with."

Darin Spindler,
*Owner of Kids Bowl Free &
Heartland Pizza Company*

**YOUR REFERRALS ARE
APPRECIATED AND WILL BE
TREATED WITH UTMOST CARE!**

THE BOOK REVIEW

TITLE: How to Be a Great Boss

AUTHOR: Gino Wickman & Rene Boer

TOPIC: Leadership

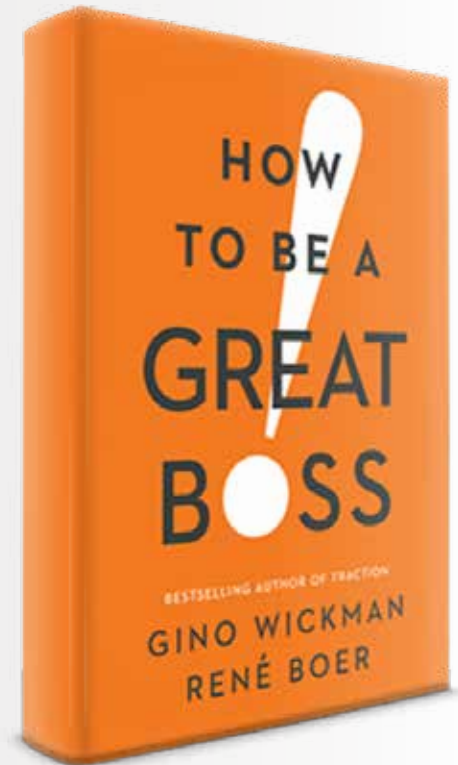
EASY TO READ: \$\$\$\$\$ (5 out of 5 dollars)

APPLICABLE TO SMALL BUSINESS: \$\$\$\$\$ (5 out of 5 dollars)

Summary: The book presents step by step instructions and tools to coach and get the most out of your people and build a team that can excel. This book is based on Traction's operating system.

My recommendation: Excellent guide on the role of boss. Great tools shared and helpful explanations. My personal work experiences did not train me to be a boss. In most cases I learned what not to do. The book provides additional guidance for the boss role to fully utilize the Traction operating system.

Pages: 154 | Published: 2016



THE PAYCHECK PROTECTION PROGRAM (PPP) LOAN & TAXES

By Mary Guldan-Lindstrom CPA

To help keep our businesses stay alive through COVID 19 many applied for and received a Paycheck Protection Program (PPP) Loan. Per Secretary Steven T. Mnuchin, "the PPP has provided 5.2 million loans worth \$525 billion to American small businesses, providing critical economic relief and supporting more than 51 million jobs". If used as intended the loan will be forgiven.

We are now starting the process of applying for loan forgiveness. The SBA just began approving PPP forgiveness applications on October 2, 2020.

HOW LONG WILL IT TAKE TO GET THE LOAN FORGIVEN?

Per law the lender has 60 days to approve the loan and the SBA has 90 days. On October 8, 2020 the SBA reduced the burden on loans under \$50,000. Borrowers can still have their loans forgiven even if they cut head count or wages after taking the loan, but they will have to submit payroll documents and other records. Many were asking that loans under \$150,000 to be automatically discharged. With 5.2 million

loans I don't expect all the loans to be forgiven in 2020. As a result, businesses will pay the expenses paid in 2020 and the loan forgiveness will be reported in 2021.

HOW DOES THAT IMPACT THE BUSINESS OR THE BUSINESS OWNERS' TAXES?

Per Congress the forgiveness of the loan is not taxable income. Per the IRS the expenses paid for with that loan are not tax deductible. If the loan is forgiven in the same tax year as the expenses were paid – no tax impact. However, there is some rumbling. The American Institute of CPAs have joined with more than 170 business and trade organizations in asking congressional leaders to allow businesses to write off expenses paid for with Paycheck Protection Program loans that have been forgiven.

Again, we are working in uncertainty. At FOCUS CPA Inc. we will do what's legally allowed and in your best interest. Keep this in mind when you do your tax planning.



MANAGE YOUR TAX BILL - SMALL BUSINESS TAX PLANNING

By Mary Guldan-Lindstrom CPA

This year has been crazy for business owners. Some have too much to do and many others were closed down. Small Business Owners put blood, sweat and tears into their business every day. Now is the time to plan to understand and minimize your tax bill.

BUSINESS OPPORTUNITIES & ISSUES

1 INVEST IN EQUIPMENT. Need to place in service these assets by December 31. A business can write it off under tax code sec 179 up to \$1,000,000. Wisconsin does not allow bonus depreciation but does follow Federal Sec 179 limits.


2 INVEST IN A COMPANY VEHICLE. If you use your vehicle more than 50% for business consider buying one in the business. Depreciation is \$18,100 for 2020, \$16,100 for year 2, \$9,700 for year 3 and \$5,760 for year 4 and thereafter. The personal portion should be added to your taxable wages before the end of the year.


3 ESTABLISH OR EXPAND A RETIREMENT PLAN. For those just starting you may be able to claim a tax credit for setup costs of SEP, SIMPLE IRA or qualified plan. Consider making a discretionary profit-sharing contribution. To be tax deductible the contribution must be made no later than the tax return file date.


4 MAXIMIZE THE NEW DEDUCTION for pass-through income. You could avoid paying taxes on 20% of your business income. The calculation is complex and can be an all or nothing option - so plan ahead.

5 REVIEW THE SBA FUNDING you received this year to determine what is taxable. The PPP loan isn't taxable, however if the loan is forgiven the expenses paid are not tax deductible. If the SBA made 6 months of your prior SBA loan payments, the principle payments are considered taxable income. The Economic Injury Disaster Grant is taxable income, along with the WEDC We're all in Small Business Grant.

CLAIM ALL YOUR EXPENSES AND TAX CREDITS

 **VEHICLE EXPENSES.** You can choose between deducting the business portion of the actual costs or deduct 57.5 cents per business mile. A written mileage log of business and personal miles is required.

 **HIRE FAMILY.** If you have children or other family members that assist with the business, it is possible to shift the income to someone with a lower tax bracket. Remember the wages must be reasonable given their age and work skills.

 **OFFICE IN THE HOME.** If you work out of your home in a space used exclusively for business you can write off a prorated amount of your home costs. The deduction is limited to the taxable income, though costs can be carried forward.

For small business owners it is impossible to separate personal and business tax planning. It is critical to consider your personal and business circumstances before implementing any ideas.

If you have any concerns or want to reduce your tax surprise, call our office **920-351-4842** and set up a tax planning meeting.

"Improving the lives of small business owners" **FOCUS** CPA Inc

Special Offer
**TAKE CONTROL &
PLAN FOR THIS
YEAR'S INCOME**

**LET'S MEET TO
FINE TUNE YOUR
TAX STRATEGY.**

If you earn profits, you pay taxes. Avoid surprises, especially ones that cost money and learn how you can pay less.

Contact Jodi to set up a
Tax Planning Meeting:

920-351-4842
JODI@FOCUS-CPA.COM

October 2020 INSIDE THIS ISSUE

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HALLOWEEN OR QUARANTEEN?

October 31 falls on a Saturday and we will have a full moon, a perfect combination for an ideal night of trick or treating. So, what will happen this Halloween? Here's some ideas from Goodhousekeeping.com

- **GO "GHOSTING"**. Drop off a bag of goodies for a friend or neighbor.
- **WATCH A SCARY MOVIE**, popcorn and all.
- **PLAY A HALLOWEEN GAME** such as bean bag toss, game of trivia or charades.
- **HOST A VIRTUAL PARTY**. Pour a drink, put on your costume and invite your friends to a Halloween FaceTime or Zoom party.
- **MAKE A SPOOKY SNACK** like "mummy brie", seven-layer spider dip, bloody Mary syringes, pumpkin deviled eggs, etc.
- **PAINT YOUR KIDS' FACES**. Be elaborate. Have them take turns painting each other.
- **SET UP A TAROT CARD READING**. Set the stage with a dark room, add candles. Hire a professional or set up a consultation on Zoom.
- **MIX A SPOOKY COCKTAIL** or mocktail. Add frozen plastic spiders in your ice cubes. Decorate your bloody Mary for Halloween.
- **CREATE A PLAY LIST** with just Halloween songs such as the Monster Mash. Have a dance or play a game of freeze dance.
- **COUNT THE CRATERS** in the surface of the moon.

Great time to start a new tradition.

"Improving the lives of small business owners" FOCUS|CPA Inc