

LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



SPECIAL POINTS OF INTEREST:

- You may be eligible for relief
- Special May events
- Tax planning for the self-employed or business owners
- Quotes
- Referrals
- Call-in times
- Richard's reads

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Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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MAY 2020

5 Primary Ways Your Business Can Get Help Right Now

I'd like to a) wave a magic wand, b) twitch my nose, or c) blink my eyes, and make this trying time a thing of the past. But, alas, I do not have that power. I will try to simplify things for you today. (I'm told by some, I do have that power.)

There is SO MUCH NOISE right now about how to survive (even thrive) in the midst of this very difficult season.

"Pivot" they say.

And yes, if you are running a business, these times call for a bit of a shift. Only a very small amount of businesses haven't been affected in some serious way by this ongoing crisis, and **if you need somebody else to tell you to pivot at this point, chances are good that you are already in trouble.**

I've already been writing to my clients a great deal about this dynamic. Normally, we send out one e-mail message a week. In March, because **things were constantly changing, and we were uncovering new information and new benefits** (and how to receive them), there were fourteen.

It's all gotten very complicated.

That's why we're working so hard to be in communication with you right now. We are busier than we have almost EVER been here at Lindsey & Waldo, and much of it involves helping our clients and friends navigate this hall of mirrors.

So again ... what I'd like to simplify and break down are the five primary ways you and your business can get help right now.

1) YOUR Economic Relief Payment

Many business owners will not qualify for this because of income limitations, but of course, many WILL. I've written extensively about these in other places, but the short version ... there's not much you can do on this one, except wait. Direct deposit payments have begun, the checks will take a few more weeks to roll out, and the IRS is telling us it all should take about 5 months to get these to everybody. If you're getting "Payment Status Not Available" on the IRS' "Get My Payment" page, it may be because you are not eligible for a payment.

2) The PPP (Paycheck Protection Plan)

The Paycheck Protection Plan (PPP) is a loan given by lenders, backed by the SBA. You have to have employees to qualify for many aspects of this, but the self-employed can also qualify.

For the self-employed, it's based on your profit and loss, if you're a Schedule C, or the amount of the paycheck you wrote to yourself, if you've got an S Corp.

This can be a forgivable loan if you meet certain requirements and use the funding properly.

If you want a refresher on the requirements, we'll be happy to discuss them. I'm trying to keep things simple right now.

We ARE hearing from some business owners that funding has begun to **Continued on page 2** ↗

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be disbursed, depending on your lender. But there is still much confusion, even among bankers. *It pays to have a good relationship with your existing bank or funding source, as they are not required to work with non-existing customers.*

If you don't, PayPal and other non-bank lenders are beginning to roll out measures to accept applicants, but even then, it's important that you have an existing relationship.

3) Unemployment for the Self-Employed

What seems clear is that you cannot both file for unemployment and get a PPP loan. So, for the self-employed, it begs the question: *Do I ask for a PPP or do I file for unemployment?*

Perhaps both, but file first for the PPP?

Theoretically, that may work, but considering how long it's taking to get PPP loans, you may not have time to do both before the programs expire.

Unemployment payments are now available for the self-employed, and there is a bonus of \$600/week on top of the state payment, BUT you have to qualify under certain rules.

The states are overwhelmed and backlogged with the massive numbers of claims. They are short-staffed themselves and trying to communicate under many shifting guidances.

Regardless, this wouldn't be a path towards quick relief.

4) EIDL (the Economic Injury Disaster Loan)

This was an existing program the SBA has had in place for some time, but because each state has been declared to be in a disaster, this program is cracking under the pressure (as is the entire SBA).

Of the five, this is probably the slowest program to take action. **The initial \$10K grant seems to have shifted to \$1K per employee, up to \$10K.**

After the initial advance, you can (theoretically) get a loan for up to \$2M, at 3.75% interest, with other generous terms.

You can apply for both the EIDL and PPP loans, but you can only get one PPP Loan.

5) YOURSELF

I know I've already said this, but it bears repeating:

Plan as if you will NOT get any funding, and adjust accordingly.

This is the time for the aforementioned PIVOT.

It's time to reduce the noise, innovate, and execute within your business. You simply cannot expect that these government programs will ride in on a white horse and save your business.

Yes, there might be some relief that comes. It might even help you survive.

But if you really want to make it through these times, look in the mirror, and start making positive plans.

The very good news for YOU is: *we're here to help.*

You actually DON'T have to do this all alone.

If you want help from experts who get it, and who have YOUR best interest in mind...

...you know where to find us. *



What's to Love About May?

There are plenty of reasons to love May. It's the middle of spring, flowers are blooming, and you can still eat and drink outdoors (at least in Mobile, Alabama).

There is also:

Star Wars Day on May 4. The date is based on the pun "May the Fourth be with you" (May the 4th be with you), derived from the catchphrase "May the Force be with you" often heard in the films. The original flick was released in December 2019.

Cinco de Mayo on May 5. A significant day in Mexican history, it has evolved into a day of celebrating Mexican culture and cuisine. If you want a more authentic way to celebrate Cinco de Mayo, skip the margarita and sip on a paloma (a cocktail made with tequila, grapefruit, lime, and soda water).

Iris Day on May 8. Celebrate the spring blooms. Irises can add some major color to your spring beds or hanging baskets.

National Buttermilk Biscuit Day on May 14. You can cover them in butter, stuff them with sausage, bacon, eggs, or even ice cream. There's no wrong way to eat a buttermilk biscuit. Plus, they're super easy to make at home.

World Turtle Day on May 23. With proper care, the average turtle can live between 30 and 40 years. There are more than 356 different species of turtle. Families include the leatherback sea turtle, soft-shelled turtles, snapping turtles, and tortoises. The origin of turtles dates back 220 million years ago making them older than both crocodiles and snakes.

Armed Forces Day on May 18. Thank a service member for their service. And last but certainly not least, there's

Mother's Day on May 12. (You didn't think I would skip it, do you?) From giving emotional support to teaching important life skills, there are millions of reasons why moms are the best.

What's not to love about that? *



What's New That Affects You?

Self-employed or own a business or rental property

Tax planning for your business is more important than ever with the new tax law. Be sure that your books and records are in good order (or contact us for bookkeeping assistance) so you can review planning opportunities with us.

Deduction for business income

Some businesses will qualify for a 20% deduction of qualified business income.

Purchases of equipment

- ❖ Bonus depreciation allows you to deduct 100% of the cost of qualified property in the first year of acquisition. In 2023, this percentage will decrease by 20% each year until it becomes 0% in 2027. Used property is now included as qualified property.
- ❖ Section 179 allows businesses to deduct up to \$1.02 million of business property (computers, office furniture, equipment, etc.) placed in service during the tax year. This deduction now includes the purchase of certain improvements to commercial real property.

Retirement plans

Consider establishing a qualified retirement plan, such as:

- ❖ SEP IRA – May contribute up to the lesser of 25% of net income or \$56,000
- ❖ 401(k) – Employee deferral plan, plus profit sharing component

Meals and entertainment

Expenses defined as entertainment are no longer deductible. However, business meals that meet certain criteria will still be deductible (generally 50% of the expense) as they have been in the past. Make sure that you have these items segregated in your books and records.

Health insurance

Evaluate your health insurance options to determine if you are eligible for a deduction for self-employed health insurance premiums (medical, dental, or long-term care plans). *

“You must pay taxes. But there's no law that says you gotta leave a tip.”
- Morgan Stanley

“Be thankful we're not getting all the government we're paying for.”
- Will Rogers



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**HAPPY
MOTHER'S
DAY!**

To be removed from our mailing list, call/email us:
(251) 633-4070 or info@CPAMobileAL.com.

Looking for Someone You Can Rely On?

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.

- ◆ Custom Monogramming and Embroidery
- ◆ Identity Theft Protection
- ◆ Welding Supplies
- ◆ Realtor
- ◆ Office Furniture
- ◆ Insurance
- ◆ Printer
- ◆ Mortgage Broker
- ◆ Banker
- ◆ Attorney
- ◆ Air Conditioning Repair
- ◆ Financial Advisor
- ◆ Business Coach
- ◆ Veterinarian
- ◆ Electrician
- ◆ Promotional Products
- ◆ IT Professional
- ◆ Payroll Processing



**This month's special
Member-Only call-in times for
Lindsey's Insider's Circle will be
5/18/20 from 2:00 to 4:00 pm.**

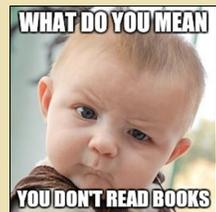
**To schedule your appointment,
contact Kristen at (251) 633-4070.**

**Not a member yet?
Find out how to become one TODAY!**

What I'm Reading...

NOW
Primary Command by Jack Mars
*The Pawn Who Would be Queen: The
Story of Alabama's First National Champions*
by Eric Nager

RECENTLY
Hard Way by J.B. Turner
The Networking Mentor
by Ivan Misner, Ph.D. and C. G. Cooper



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