

# Year-End Tax and Financial Planning Guide for Businesses

November 2021



## Profit and Loss Statement

<Company Name>  
For the <Month or Year> ending <Month-Day-Year>  
Gross margin [L/J]  
Return on sales [T/J]

Stated in 000s

	Prior Period	Budget	Current Period	Current Period as % of Sales	% Change from Prior Period	% Change from Budget
Sales Revenue						
Product/Service 1						
Product/Service 2						
Product/Service 3						
Product/Service 4						
Total Sales Revenue [J]						
Cost of Sales						
Product/Service 1						
Product/Service 2						
Product/Service 3						
Product/Service 4						
Cost of Sales [K]						
[L-K]						

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## Introduction

As we wrap up 2021, it's important to take a closer look at your tax and financial plans. This year likely brought challenges and disruptions that significantly impacted your personal and financial situation — a continued global pandemic, several significant natural disasters, new tax laws and political shifts.

Now is the time to take a closer look at your current tax strategies to make sure they are still meeting your needs and take any last-minute steps that could save you money.

We're here to help you take a fresh look at the health of your tax and financial well-being. Please contact us at your earliest convenience to discuss your situation so we can develop a customized plan. In the meantime, here's a look at some issues to consider as we approach year-end.



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## Estimated Business Tax Due Dates

Tax Period	2021 Est. Tax Due Date	2022 Est. Tax Due Date
January 1 – March 31	April 15, 2021	April 15, 2022
April 1 – May 31	June 15, 2021	June 15, 2022
June 1 – August 31	September 15, 2021	September 15, 2022
September 1 – December 31	January 17, 2022	January 16, 2023

## Other Key Dates of Note for 2021

Key Dates	
October 15, 2021	<ul style="list-style-type: none"><li>• <b>Deadline to file 2020 income tax return if extended timely, FBAR (FinCEN 114)</b></li><li>• <b>Deadline to file a 2-month extension for U.S. expat individual income tax return (this is the last extension available for U.S. expats)</b></li></ul>
November 10, 2021	<ul style="list-style-type: none"><li>▪ <b>Deadline for employees who earned more than \$20 in tip income in October to report to their employers using IRS Form 4070.</b></li></ul>
December 10, 2021	<ul style="list-style-type: none"><li>▪ <b>Deadline for employees who earned more than \$20 in tip income in November to report to their employers using IRS Form 4070.</b></li></ul>
December 31, 2021	<ul style="list-style-type: none"><li>▪ Last day to sell stocks and other holdings to realize a gain or loss for the year</li><li>▪ Last day for employees to contribute to qualified retirement plan</li><li>▪ Last day to complete charitable contributions for 2021</li></ul>

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## Key Tax Considerations from Recent Tax Legislation



Many tax provisions were implemented under the American Rescue Plan Act that was enacted in March 2021. This act aimed to help individuals and businesses deal with the COVID-19 pandemic and its ongoing economic disruption. Also, some tax provisions were passed late in December 2020 that will impact this filing season. Below is a summary of the highlights in recent tax law changes to help you plan.

### Economic retention credit (ERC)

The ERC encourages businesses to keep employees on their payroll during the pandemic. The ERC is a refundable payroll tax credit that may be claimed by eligible employers who pay qualified wages to qualifying employees. Changes were made with legislation to allow businesses to qualify for both Paycheck Protection Program (PPP) loans and the ERC. Contact us to see if you could benefit from these programs



### Family and sick leave credits

The American Rescue Plan Act extended the family and sick leave credits to Sept. 30, 2021. These credits are intended to compensate employers and self-employed people for coronavirus-related paid sick and family and medical leave.

### Small Business Administration (SBA) loans

Though the PPP ended on May 31, 2021, existing borrowers may be eligible for PPP loan forgiveness. Even though the PPP loan forgiveness is not taxable for federal purposes, there may be state implications. There are also other COVID-19 relief measures offered through the SBA. We can help you navigate the tax and financial complexities of these programs.

## State Tax Obligations Related to Teleworking Arrangements

The pandemic has spawned changes in how people work, and more people are permanently working from home (i.e., teleworking). Such remote working arrangements could potentially have tax implications that should be considered by you and your employer. We can help you determine any filing or payment obligations.



## Fraudulent Activity Remains a Significant Threat

Our firm takes data security seriously and we think you should as well. Fraudsters continue to refine their techniques and tax identity theft remains a significant concern. Beware if you:

- Receive a notice or letter from the IRS regarding a tax return, tax bill, or income that doesn't apply to you
- Get an unsolicited email or another form of communication asking for your bank account number, other financial details, or personal information
- Receive a robocall insisting you must call back and settle your tax bill



Make sure you're taking steps to keep your personal financial information safe. Let us know if you have questions or concerns about how to go about this. GRF's Risk & Advisory Services team provides a variety of resources to help individuals and organizations avoid [cybersecurity risk](#).

# Year-End Tax and Financial Planning Guide for Businesses

## Partnership Audit and Adjustment Rules



New audit and adjustment rules are in effect. Careful planning today will help mitigate any unfavorable consequences on both the entity and the partners themselves.

Also, be aware that even if your business isn't a partnership, you'll want to evaluate the effect these new rules could have if you've invested in any partnership.

## Virtual Currency/Cryptocurrency

Virtual currency transactions are becoming more common. There are many different types of virtual currencies, such as Bitcoin, Ethereum and non-fungible tokens (NFTs). The sale or exchange of virtual currencies, the use of such currencies to pay for goods or services, or holding such currencies as an investment, generally has tax impacts. This is a very complex area, but we can help you work through the reporting requirements and tax consequences.



# Year-End Tax and Financial Planning Guide for Businesses

## Other Tax Matters to Note

**Business meals** — There is a 100% deduction (rather than the prior 50%) for expenses paid for food or beverages provided by a restaurant. This provision is effective for expenses incurred after Dec. 31, 2020, and expires at the end of 2022.

**Purchases of property and equipment** — With tax-favorable options available to businesses, many purchases can be completely written off in the year they are placed in service. Plus, there are tax-favorable rules that permit qualified improvement property to qualify for 15-year depreciation and, therefore, also be eligible for 100% first-year bonus depreciation. Let us help you receive the best tax treatment.



**Net operating losses** — If you have significant losses from 2018 to 2020, you may be able to carry those losses back up to five years, which can significantly impact a prior year where there was a tax liability.

**Methods of accounting** — More businesses can use the cash method of accounting. This can be helpful for cashflow purposes and is generally easier to apply than the accrual method of accounting. There are qualifications that must be met, but we can help you understand if your business would benefit.

**Preparing for disasters** — Do you have a disaster recovery plan in place for your business and, if so, have you updated it recently? We can help you review your plan, especially as it relates to financial information.

**Sales and use tax considerations** — States are continuing to make changes to their sales and use tax laws and filing requirements following the U.S. Supreme Court ruling in the case *South Dakota v. Wayfair, Inc.* Please ask us how this case impacts your business.

**Retirement plans** — Have you revisited your company's retirement plan lately? Take a look at the many retirement savings options to make sure that you are taking advantage of tax deductions as well as providing opportunities for owners and employees to save for retirement.

# Year-End Tax and Financial Planning Guide for Businesses

## Looming Potential Tax Legislation

With potential tax changes looming as Congress debates proposals in President Biden’s “Build Back Better” agenda, how this will impact taxpayers? As legislation continues to evolve, and if it passes, we’ll contact you to discuss how changes impact your tax and financial plan.



## Summary

**Year-end planning = fewer surprises.** There are many other opportunities to discuss as year-end approaches. And, many times, there may be strategies such as deferral or acceleration of income, prepayment or deferral of expenses, etc., that can help you save taxes and strengthen your financial position.

# Year-End Tax and Financial Planning Guide for Businesses

## Resources

GRF offers clients a variety of resources throughout the year to help with their tax and financial planning needs in the GRF Resource Center. Take advantage of detailed guidance from GRF tax experts in our [2021 Year-End Tax Planning Series](#) and register for our [annual tax planning webinar](#).

**WEBINAR**

**NOVEMBER 30, 2021**

**11:00 AM - 12:00 PM**

**VIRTUAL**

**REGISTER >**

## Annual Tax Planning Webinar: Important Considerations for the 2021 Tax Year



The last 18 months have been marked by unprecedented uncertainty for the US and the world. As taxpayers continue to navigate the economic ups and downs of the pandemic — from unemployment to PPP loans to advance child tax credit payments, they are also challenged with how to minimize their tax liability for the 2021 tax year.

Join GRF's tax experts to learn best practices for improving your financial position, leveraging new tax rules, and taking advantage of tax credit opportunities. The session will cover tax strategies for individuals, families, and small businesses, including what you may expect as Biden-era tax reform becomes a reality.

Topics:

- Key individual tax planning tips to consider prior to December 31
  - Charitable gift deductions
  - Estate and gift taxes
  - Unemployment compensation
  - Remote work and working abroad
  - Student loan relief
  - Advance Child Tax Credit
  - Capital Gains/Losses
  - Retirement plans
  - Education Credits and Deductions
- Tax treatment of PPP loans
- Employee Retention Credit
- Pass-Through Entity Tax Elections
- Small businesses & the self-employed deductions
- Evolving legislation around cryptocurrency

# Year-End Tax and Financial Planning Guide for Businesses

## Contact Us

Whether it's working toward a business succession plan or getting answers to your tax and financial planning questions, we're here for you. Please contact our office today to set up your year-end review. As always, planning ahead can help you minimize your tax bill and position you for greater success.



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