

## July 2020 – Monthly Newsletter

### Important Dates and Deadlines to Note

#### July 15

- ❖ Individual income tax returns for 2019 are due
- ❖ C corporation tax returns for 2019 are due
- ❖ 1st and 2nd quarter 2020 federal estimated tax payments due
- ❖ Gift tax returns are due
- ❖ 2019 IRA contributions are due
- ❖ 2019 HSA contributions are due

### Office Operations – Update

While we've returned to the office on a part-time basis, we are not allowing anyone into our suite or conducting on-site visits to our client offices.

We are conducting a lot of Zoom meetings, and it is working well.

We miss seeing you and look forward to getting together as soon as we can

### Is Your Stimulus Payment Wrong or Missing?

If you qualified for a stimulus payment, here are some common scenarios why you may not have received your payment, or the payment you did receive was for an incorrect amount, and what you can do.

- ❖ **Your payment was sent to a closed bank account.** If you didn't update your banking information or mailing address before your payment was processed, your money will probably end up in the wrong location.

***What you can do:*** You probably must wait. If your bank account on file with the IRS is closed or no longer active, the bank will reject the stimulus payment deposit and you will be issued a physical check to the address the IRS has on file for you.

- ❖ **Your check was sent to a wrong address.** The IRS will send stimulus checks to the mailing address listed on your most recently-filed tax return. The IRS will also mail a letter with information about how and where the stimulus payment was made, but this letter will go to the most recent address on file.  
***What you can do:** Change your address on file with the IRS by filing Form 8822. While it won't solve your immediate problem, your change will correct future issues. In the meantime, keep tracking the status of your payment by visiting the website Get My Payment. You can also try and contact the new people who live at your old address.*
- ❖ **You didn't get paid for your dependents or you think your check amount is incorrect.** You are certain that you should have received a full \$500 payment for each qualifying dependent and the payment was either not received or was for an incorrect amount.  
***What you can do:** If you did not get the full amount you think you should have received, you will be able to claim the additional amount when you file your 2020 tax return.*
- ❖ **You received a check for a deceased relative.** With more than 300 million people living in the U.S., it probably shouldn't be a surprise that some of the stimulus checks were mailed to deceased individuals. Unfortunately for living family members, you can't keep this money.  
***What you need to do:** You should open the check, write VOID on the check and then return it to the IRS. If the payment was via direct deposit or a check received from the IRS was already cashed, you should write a personal check to the IRS to return the money.*

**More information:** If you have other questions or concerns, the IRS has a question and answer resource. Visit <https://www.irs.gov/coronavirus/economic-impact-payment-information-center> to read through the IRS Q&A.

### **IRS Announces Rollover Relief for Required Minimum Distributions from Retirement Accounts That Were Waived Under the CARES Act**

The Internal Revenue Service announced on June 23, 2020 that anyone who already took a required minimum distribution (RMD) in 2020 from certain retirement accounts now has the opportunity to roll those funds back into a retirement account following the CARES Act RMD waiver for 2020.

The 60-day rollover period for any RMDs already taken this year has been extended to August 31, 2020, to give taxpayers time to take advantage of this opportunity.

The CARES Act enabled any taxpayer with an RMD due in 2020 from a defined-contribution retirement plan, including a 401(k) or 403(b) plan, or an IRA, to skip those RMDs this year. This includes anyone who turned age 70 1/2 in 2019 and would have had to take the first RMD by April 1, 2020. This waiver does not apply to defined-benefit plans.

In addition to the rollover opportunity, an IRA owner or beneficiary who has already received a distribution from an IRA of an amount that would have been an RMD in 2020 can repay the distribution to the IRA by Aug. 31, 2020. The notice provides that this repayment is not subject to the one rollover per 12-month period limitation and the restriction on rollovers for inherited IRAs.

## **Will That Be Cash or Barter?**

Bartering, the act of trading goods or services with other goods or services instead of money, is more popular than ever. With high unemployment rates and cash flow being stressed, bartering is a good way to create value for your business.

### **The new world of bartering**

Bartering traditionally worked something like this: You know someone who has something you need and you have something they need. You talk, figure out comparable value and make the swap. Everybody's happy. But other than blind luck, finding a match to barter with was very difficult.

But with online platforms, bartering is now easier than ever with the creation of posting sites and exchanges. Posting sites provide a platform where businesses can skim for or post items they are looking to acquire or trade. These are usually free and unmonitored, so surf at your own risk. Bartering exchanges offer a marketplace and bartering credits that act as a middleman. You can trade goods and services and receive credit that you can use towards acquiring a different good or service. These tend to be actively managed and typically charge a monthly membership fee.

**Remember, most bartering can create a taxable event. If you receive something of greater value or trade a deductible expense for a non-deductible expense, the difference is taxable income and needs to be reported on your tax return — so careful record keeping is very important.**

## When bartering can help

- ❖ **You have a unique need with no available resources.** Identify what you do well and look at your income statement to identify services you typically must pay for yourself. For example, consider a photographer who is paying a monthly tech support bill to administer their website. That photographer could reach out to the web development company to see if they need photos for their website services or other marketing material. They then barter their photography for coding expertise. It saves each party the necessary cash to purchase these services.
- ❖ **You need to offload aging inventory.** As inventory ages, decisions need to be made. Letting it sit can take up valuable space and paying to dispose of it is usually not the most efficient practice. There might be a business that has the same issue, but with something you can use. Take some time to think about the type of businesses that might find your old inventory useful.
- ❖ **You have customers who can't pay.** Use bartering as a method for collecting from customers who can't pay your invoice. Instead of sending an account to collections, consider whether your customer has something of value your business could use. Even if your customer doesn't have anything of direct value for your business, you might be able to accept an asset and then sell it online to settle your outstanding bill.

Finding bartering partners can often have long-term benefits without having to dip into cash reserves. And if structured correctly, the service provided can offset the expense of the service received.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

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