

# BLUE BEAR BLUE RIBBON TIMES

A NEWSLETTER TO INFORM OUR CLIENTS ON THE CURRENT  
ISSUES AFFECTING THE TAX AND ACCOUNTING WORLD

## TAX DAY IS HERE!!

JULY 15th is coming up quickly.

If you have been holding off, your extra time has run out.  
State and Federal taxes are DUE.

### PPP FORGIVENESS FOR SELF-EMPLOYED INDIVIDUALS

You are entitled to use the PPP loan to replace lost compensation due to the impacts of COVID-19. You are eligible to claim 2.5 months' worth of your 2019 net profit to replace pay. If you didn't have any other payroll expenses factoring into your PPP loan amount, this means that your entire PPP loan could be forgiven for the 24-week period.

If you are using an 8-week forgiveness period, you can claim 8 weeks' worth of your 2019 net profit as owner compensation replacement. The remaining PPP funds will need to be spent on utilities, rent, and mortgage interest expenses in order to be forgiven.

If you have mortgage interest, rent, or utilities expenses, you must have claimed or be entitled to claim a deduction for those expenses on your 2019 Form 1040 Schedule C in order to claim them for forgiveness.

In order to get your loan forgiven, you'll need to fill out a PPP Forgiveness Application Form and submit it to your lender:  
<https://bit.ly/2Cc128K>

### THE CONDITIONS OF THE PAYCHECK PROTECTION PROGRAM

The funds from the PPP can be used for the following purposes:

- Payroll—salary, wage, vacation, parental, family, medical, or sick leave, health benefits
- Mortgage interest—as long as the mortgage was signed before February 15, 2020
- Rent—as long as the lease agreement was in effect before February 15, 2020
- Utilities—as long as service began before February 15, 2020 (here's what's included in utilities)

All expenses that fall under those categories are eligible for forgiveness.

### FREE PPP LOAN FORGIVENESS CHECKLIST\*:

\*Courtesy of Bench.co  
<https://bit.ly/2Z3edSF>

## **SMALL BUSINESSES AND MENTAL HEALTH**

Running your own business can be hugely rewarding, but for many small business owners having sole responsibility for the company's success or failure can take its toll.

While it can be tempting to focus all of your time and attention on your business, it's also essential that you take care of yourself. As an employing small business owner, or sole trader, you can face a range of unique challenges that can affect your mental health and the mental health of your staff.

### **Depending on the type of small business that you have, these challenges may include:**

- regularly putting in long hours and working intensely to meet the demands of your business or to get your business off the ground
- undertaking business related activities such as responding to business emails and calls after hours - blurring the boundaries between work and home
- feeling isolated with not always having someone to share business worries with or with someone who can understand the demands of running a small business through experience
- managing ongoing cash flow and financial issues, including chasing invoices and feeling concerned over where the next job is coming from
- having multiple roles as well as managing the additional demands of administrative and government regulations - on top of everything else
- feeling responsible to yourself and to others such as family and employees who are being involved in the business to ensure it is successful.



When you are busy with your business, you may not notice the signs or changes in your behaviour, thoughts or feelings that may indicate you are struggling with your mental health. Sometimes the first person to notice that you are not yourself may be a family member, friend or business partner.

It's important to be aware of some of the common signs and symptoms that can let you know that you may be struggling with your mental health.

### **Some of the early warning signs are:**

- finding it difficult to concentrate on tasks
- feeling tired and fatigued
- being unusually tearful or emotional
- getting angry easily or frustrated with tasks or people
- drinking alcohol to cope
- finding it hard to make decisions
- avoiding social situations.

Learn to take care of yourself. Putting yourself first is not selfish. You need to care for yourself before you can care for others. Read more: <https://bit.ly/2Z2gNbl>

## **IRAS AND BENEFICIARIES:**

When a beneficiary is named on an IRA, the account does not pass through the deceased owner's will (non-probate) so the transfer is typically done in a relatively fast, easy manner. So, if you are a non-spouse beneficiary of an IRA, then you have a few options for the new inherited IRA.

First, the full amount can be liquidated without penalty, regardless of age. This is unlike a traditional IRA where most withdrawals are only allowed penalty-free after attaining age 59 ½. All distributions are taxed as income for Federal Income Tax purposes. Also worth noting is retirement distributions are NOT taxed at the state and local level in Pennsylvania, including inherited IRAs.

Another option is to leave the IRA invested for tax-deferred growth for the new owner's retirement. If this option is chosen, annual required minimum distributions (RMD) must be taken every year for as long as the inherited/beneficiary IRA exists. The exact amount is based on the account value at the end of the prior calendar year and the birth year of the beneficiary. The RMD amount is recalculated each year. Additional distributions over and above the required minimum can be made at any time, penalty free.



Inherited IRAs cannot be combined with other traditional IRAs as they are treated differently for income tax purposes.

The account can also be transferred to another IRA custodian as you wish. It is not required to stay with the original custodian or investment advisor.

As you can there are distinct differences in inherited IRAs and as a beneficiary, you have some options to consider. So if you are on the receiving end of an inherited IRA, talk to an advisor to learn more about maximizing your options based on your current needs as well as future goals and objectives.

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### **Whom can I name as beneficiary?**

You have five basic options:

- your spouse, if married;
- your children,
- grandchildren or other individuals;
- a trust;
- a charity;
- or some combination of the above

## Coronavirus Information

As the summer gets hotter, the dangers of Covid-19 are beginning to be felt in many states. Colorado has seen an increase in positive cases, though we're still managing better than many states that are experiencing high numbers of cases. Certainly the state is no longer under the Stay-At-Home order and we are now under Safer-At-Home guidelines. Campgrounds and parks are beginning to re-open as are many businesses and restaurants. Colorado State Parks are reopening and are allowing cabin/yurt and camping sites to be rented/booked. They are limiting the number of open spots and require 10 or fewer people per site. Make sure you give yourself plenty of advance time to book; with fewer sites available, many campgrounds and rentals are already booked for the foreseeable future. Find out how many state parks there are, and which ones are open here: <https://cpw.state.co.us/>. Our National Park system is also reopening slowly; for a list of openings (and their limitations) visit: <https://cbsloc.al/36QfwGN>

### You are Still Encouraged to Stay Safe!

- Wear a mask in stores and where you cannot safely 'socially distance'. Many stores are requiring masks to enter.
- Avoid large groups of over 10 people for lengthy time periods.
- If you don't feel well, STAY HOME!
- Stay local where possible.
- Be courteous, this has been a long stretch of stressful time for everyone.
- Please check in with the people you work with, clients, even vendors, see how they're doing.

