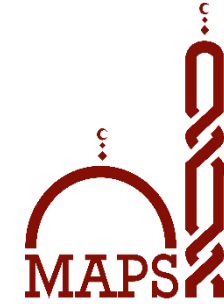




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SBRN
Small Business
Resiliency Network

Tax Planning and Updates in the New Year

January 18, 2022 | 10:00 AM – 11:00 AM

OUR WEBINAR WILL BEGIN SHORTLY



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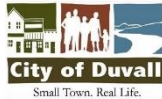
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Upcoming Webinar



Hearing All Voices *Save the date!*

Tuesday, March 29, 2022

Hear from IRS executives about services for underserved communities; input and feedback welcome!

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Tax Advising **NEW**



Lily Tran
Enrolled Agent
Certified Tax Coach



One-On-One Advising

January 18 – April 30, 2022

- Answer specific tax-related questions
- Identify areas of noncompliance
- Evaluation of the business and identify potential areas for saving money

Eligibility

- Employ no more than 10 people
- Located in East King County

To schedule: contact Samantha Paxton samanthap@oneeastside.org | (425) 885-4014 ext. 5
or sign up <https://forms.gle/DoSsEQwj6tbJ3gRz6>



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Accounting Advising



Sarah Huang
CPA, MST

Clark Nuber^{PS}

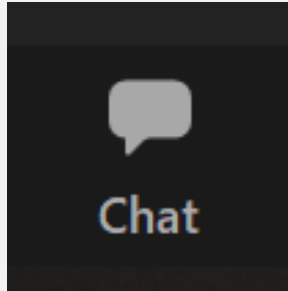
Need to talk to a CPA?

**Receive up to two hours of
accounting advising**

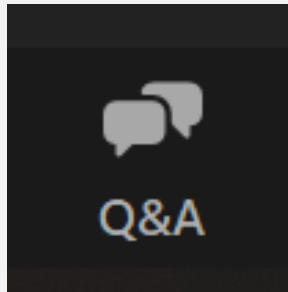
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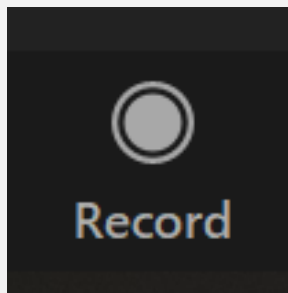
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Tax Planning and Updates in the New Year

Presented in partnership with Muslim Association of Puget Sound (MAPS)

Tuesday January 18, 2022

10:00 AM - 11:00 AM





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<https://www.taxusign.com>

Available on website:

- Year-End Small Business Checklist
- Tax Prep Client Checklist available upon request
- Tax Organizer Resources
- Pre-Order book

We are a virtual tax firm serving individual and business clients across the United States. We provide dedicated professional tax assistance anywhere, anytime.



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Sarah Huang

Clark Nuber P.S.



Clark Nuber PS

*Not-for-Profit Tax
Updates for 2022*

January 18, 2022



Sarah Huang, CPA, MST

Tax Principal

Clark Nuber P.S.

shuang@clarknuber.com

Tips and Strategies for NFPs in the Upcoming Tax Season



Be patient with the IRS – they are moving as fast as they can



Remember your **donor receipts** – don't forget any required elements



COVID relief reporting on the Form 990 – more guidance is needed



Understand the **Single Audit** thresholds for government funding – you may need an extra audit



Don't overlook **state tax filings** – online program activities, fundraising, and remote workers may trigger additional compliance requirements outside of Washington

- Tax-Exempt Organization Search
 - Currently still processing paper-filed 990 series received in early 2020
- Business Master File last updated monthly but may not incorporate all updates
- Inaccuracies on revocation dates
- Backlog in processing paper filed tax filings
- Live phone support
- Responding to mail

Other IRS Resources

IRS Charities & Nonprofits website

1-877-829-5500 - TEGE Customer Account Services

Taxpayer Advocate Service

Notifying the IRS for Change of Address

- Don't forget to update your address with the IRS if your organization moves office locations
- Form must be paper filed with the IRS
- Note that you need to identify the name of a "responsible party" on the form
- A new form should be filed within 60 days if this name should change

Form 8822-B (Rev. December 2019) Department of the Treasury Internal Revenue Service	Change of Address or Responsible Party — Business ▶ Please type or print. ▶ See instructions on back. ▶ Do not attach this form to your return. ▶ Go to www.irs.gov/Form8822B for the latest information.	OMB No. 1545-1163
Before you begin: If you are also changing your home address, use Form 8822 to report that change.		
If you are a tax-exempt organization (see instructions), check here <input type="checkbox"/>		
Check all boxes this change affects.		
1 <input type="checkbox"/> Employment, excise, income, and other business returns (Forms 720, 940, 941, 990, 1041, 1065, 1120, etc.)		
2 <input type="checkbox"/> Employee plan returns (Forms 5500, 5500-EZ, etc.)		
3 <input type="checkbox"/> Business location		
4a Business name		4b Employer identification number
5 Old mailing address (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.		
Foreign country name	Foreign province/county	Foreign postal code
6 New mailing address (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.		
Foreign country name	Foreign province/county	Foreign postal code
7 New business location (no., street, room or suite no., city or town, state, and ZIP code). If a foreign address, also complete spaces below, see instructions.		
Foreign country name	Foreign province/county	Foreign postal code
8 New responsible party's name		
9 New responsible party's SSN, ITIN, or EIN. (CAUTION: YOU MUST REFER TO THE INSTRUCTIONS FOR FORM SS-4 TO SEE WHO MAY USE AN EIN.)		
10 Signature. Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete. Daytime telephone number of person to contact (optional) ▶		
Sign Here	Signature of owner, officer, or representative	Date
	Title	

Annual Donor Receipt Reminder – 6 Required Elements

1. Name and Address of the **exempt organization**
2. Name of the **donor**
3. **Date** of Contribution
4. Detailed **description** of property donated, including any donor restrictions
5. **Amount** of contribution, only if cash
6. A **statement** regarding whether or not any goods or services were provided in exchange for the contribution.

If goods or services are provided, include the **value** of the goods and services (“quid pro quo”) provided by the exempt organization to the donor.

Charitable Contribution Deduction Changes – CARES Act (March 2020)*

- Up to \$300 of above-the-line deduction for non-itemizers
 - Married filing joint can take a \$600 deduction in 2021
- Adjusted limitations on certain cash contributions
 - Up to **100% deduction for individuals** and trusts (previously capped at 60%)
 - **25% deduction for corporations** (previously capped at 10%)
 - Form 990-T filers
 - **NFP corporations – limit remains at 10%**
 - NFP trusts – eligible for 100% deduction
- 25% for food inventory donations (previously capped at 15%)
- **Donor acknowledgement letters for 2021 should be clear whether the gift was made to a donor advised fund or supporting organization, if applicable**

* Consolidated Appropriations Act in December 2020 extended these provisions through December 31, 2021

- **Cash** contributions only
- Applies *after* normal contribution base (or AGI) limitation rules
- Maximum use is 100% of AGI, carryovers treated as 60% AGI contributions (for individuals and trusts)
 - Corporations - maximum is 25% of taxable income

Eligible Organizations:

- Most domestic public charities
- Private operating foundations and conduit private foundations
- Governmental units
- Agricultural research organizations

Ineligible Organizations:

- Donor advised funds
- Supporting organizations
- Nonoperating private foundations
- Non-501(c)(3) organizations

- Reported on Form 990/990EZ/990PF as a contribution in the year the amounts are forgiven
 - Generally follow GAAP/book reporting
 - Unclear on tax return reporting when forgiveness recognized for GAAP purposes but borrower has not received decision from SBA
- Forgiveness treated as a contribution from the federal government rather than your lender
- Public support test impact
- Potential allocation for Form 990-T purposes
 - Retroactive repeal of initial IRS guidance indicating PPP loan costs were not deductible for income tax purposes

- **Families First Coronavirus Response Act (FFCRA)** – payroll tax credit for sick leave or family leave for eligible employees
 - Reported as additional income on Form 990, possibly as contribution revenue from the federal government
 - Additional government support revenue for the public support test
- **Employee Retention Credit** – payroll tax credit for eligible employers
 - Reported as a reduction to wage expense on Form 990
 - See [IRS FAQ #85](#)
 - Note that this may be reported as income for GAAP purposes so you may have a book/tax adjustment on the tax return
 - No impact to the public support test

Employee Retention Credit: You May Actually Be Eligible!

- Gross receipts for not-for-profit organizations isn't as simple as pulling your latest revenue report from Quickbooks
 - NFPs need to look at **gross proceeds** from sales, not net gains/losses from sales (different than for-profit companies)
 - Unrealized gains are ignored
 - PPP, SVOG, and RRF funding is ignored
 - Adjust for contra revenue accounts (investment fees, special event expenses, etc.)
- Don't forget about revenue from related entities under the aggregation rules (supporting organizations, for-profit subsidiaries)
- The ERC rules have changed a LOT over the past 18 months. Many organizations are now eligible!

Other Tax Updates

- **Rev. Procs. 2020-8 and 2021-8:** Mandatory electronic filing of Form 1023 (c3 orgs) and Form 1024-A (c4 orgs) through www.pay.gov
- **Taxpayer First Act (2019):** Mandatory electronic filing of tax returns for tax years beginning after July 1, 2019
 - This includes Form 990-T! Also includes Form 4720.
 - Only limited circumstances where paper returns are still acceptable (short year returns, etc.)
- **Electronic Signatures (December 3, 2021 memo):** IRS continues to waive handwritten signature requirement for certain forms signed and postmarked through October 31, 2023
- **Rev. Proc. 2021-45:** Insubstantial benefit amounts for 2022
 - Indexed “low-cost” items are \$11.70, \$58.50, and \$117

- **What is a Single Audit?**

- A special financial statement audit for those that receive federal award

- **What is a Federal Award?**

- Grant, cost reimbursement contracts under the FAR, loans or loan guarantees, endowment funds, free rent, non-cash assistance, direct appropriations, etc.
- PPP loans are **NOT** subject to the Single Audit requirement

- **Who needs a Single Audit?**

- Any non-federal entity that **expends** over \$750,000 of federal awards in a **fiscal year**
- If less than the threshold, you still need to comply with federal requirements but no separate audit is required

Potential Tax Filings

- Business Income Taxes (incl. sourcing of revenues)
- Sales Taxes
- Payroll Taxes
 - Unemployment Insurance Tax and Worker's Compensation
- Individual income tax withholding
- Withholding on nonresidents (non-wage payments)

Potential "Other" Filings

- NFP Registrations
- Charitable Solicitation Registrations/Attorney General Registrations
- Sales/use tax exemptions
- Property tax exemptions



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Q & A

Lily Tran

Enrolled Agent, Certified Tax Coach
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Sarah Huang

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SPECIAL THANKS!





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