

# THE KT ADDITION

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## CARES ACT: LAWS THAT AFFECT INDIVIDUALS

JESS WEAVER, CPA, PARTNER

We hope you are keeping yourself, your loved ones, and your community safe from COVID-19. Along with those paramount health concerns, you may be wondering about some of the recent tax changes meant to help everyone coping with the Coronavirus fallout. Here is a list of tax-related provisions focused upon assisting individual taxpayers.



Jess Weaver  
CPA, Partner

**Recovery Rebates:** A provision of the new law provides eligible individuals with a recovery rebate. This is tax-free money that does not need to be paid back.

- Individuals will qualify for a \$1,200 rebate, while joint filers will receive \$2,400, with a \$500 credit for each child.
- Threshold amounts will be based on 2018 adjusted gross income (unless a 2019 return has already been filed).
- Phase-out will begin at adjusted gross income of \$75,000 for single filers, \$112,500 for heads of households and \$150,000 for joint filers.
- Rebates will be phased out by \$5 for every \$100 in excess of a threshold amount. Therefore, rebates are completely phased out for single filers with 2018 (or 2019, if applicable) adjusted gross income over \$99,000, heads of household with \$136,500 and joint filers with \$198,000.
- Individuals must meet certain requirements to be eligible for the recovery rebate, including:

- o Not being a nonresident alien.
- o Must not be able to be claimed as a dependent on another taxpayer's return.
- o Cannot be an estate or trust.
- o Must have included a Social Security number for both the taxpayer, the taxpayer's spouse and eligible children (or an adoption taxpayer identification number, where appropriate).
- If rebate is limited due to income threshold or missing dependents on most recently filed tax return, taxpayer will be able to claim balance of missed credit when filing 2020 tax return if 2020 tax return meets thresholds above. Taxpayer will not be required to repay excess on 2020 tax return if rebate check was greater than entitled amount.
- With the exception of social

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*(Cares Act: Laws That Affect Individuals continued from page 1)*

security recipients, IRS urges anyone who qualifies for the credit and who has not yet filed a tax return for 2018 or 2019 to file as soon as possible so they can receive an economic impact payment. To speed receipt of payment, taxpayers are advised to include direct deposit banking information on the return.

- IRS will post all key information on <https://www.irs.gov/coronavirus>
- **Planning Point** – Review income thresholds, you can qualify for credit using 2019 AGI or 2018 AGI (if 2019 not yet filed).

**Waiver of 10% early distribution penalty.** The additional 10% tax on early distributions from IRAs and defined contribution plans (such as 401(k) plans) is waived for distributions made between January 1 and December 31, 2020 by a person who (or whose family) is infected with the Coronavirus or who is economically harmed by the Coronavirus. Penalty-free distributions are limited to \$100,000, and may be subject to guidelines, be re-contributed to the plan or IRA. Income arising from the distributions is spread out over three years unless the employee elects to include the distribution in 2020 income. Withdrawn amounts can also be re-contributed to qualified retirement plans without being subject to any tax if re-contributed within three years.

- **Planning Point** – You have the entire 2020 tax year to pull money from qualified retirement plans.

However it may not be ideal to pull out at current market levels if you believe a rebound will take place.

- **Planning Point** – You can effectively have a 3 year interest free loan if the withdrawn monies are paid back by end of 3rd year. This could cash flow your business in the interim until other funding sources are provided.
- **Planning Point** – If you believe the recent downturn in the stock market is temporary, this would be an ideal time for a Roth conversion.

**Waiver of required distribution rules.** Required minimum distributions that otherwise would have to be made in 2020 from defined contribution plans (such as 401(k) plans) and IRAs are waived. This includes distributions that would have been required by April 1, 2020, due to the account owner's having turned age 70 1/2 in 2019.

- **Planning Point** – You are not required to pull money out of the market if you consider current conditions unfavorable. You can defer entire 2020 required minimum distributions (RMD). In fact, if done by July 15th, you can re-contribute any RMD taken early in 2020.

**Charitable Contributions:** Individuals will be allowed to claim an above-the-line deduction up to \$300 for cash charitable contributions for the 2020 tax year of 2020 contributions (i.e. not carryforwards). Furthermore, individuals will be able to claim

unlimited itemized deductions for 2020 charitable contributions, which are normally limited to 50% of adjusted gross income.

**Break for remote care services provided by high deductible health plans.** For plan years beginning before 2021, high deductible health plans are allowed to pay for expenses for telehealth and other remote services without regard to the deductible amount for the plan. The Act also allowed nonprescription medical products to be paid out of HSAs and Flex Spending Arrangements.

**Unemployment Insurance:** The pandemic unemployment assistance program provides an increase in unemployment insurance benefits to each recipient in the amount of \$600 per week for up to four months. It also extends these benefits to self-employed workers, independent contractors and those with limited work history. In addition, the federal government will extend these benefits for an additional 13 weeks through Dec. 31, 2020 after state-funded benefits end.

**NOL Carryback:** The CARES Act has amended provisions to allow net operating losses incurred in 2018, 2019, and 2020 to be fully deductible, without the 80% limitation. The net operating losses from 2018, 2019, and 2020 are also allowed to be carried back five years.

## CARES ACT BUSINESS PROVISIONS

*KEVIN SICKELS, CPA, PARTNER*

On Friday, March 27, a historic, bipartisan deal was signed into law to offer \$2 trillion in health care and economic relief to Americans and businesses amid the ongoing novel coronavirus pandemic. The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a massive aid package containing a combination of funding for public health programs, tax benefits for businesses and individuals, appropriations for government programs supporting coronavirus relief efforts, and other items to help stabilize the economy.

The CARES Act includes numerous provisions that impact both business and individual taxpayers. The following is a high level summary of the business related provisions:

**Paycheck Protection Program (PPP):** The PPP allows small businesses to receive a possibly forgivable Small Business Administration (SBA) loan. Loan funds can be used for several purposes including: payroll costs, medical or family leave, insurance premiums; mortgage, or rent, etc. Eligible borrowers include business concerns, nonprofit organizations, and veterans' organizations that employ no more than 500 employees. Businesses of any organization type qualify, including sole proprietorships. Large businesses in the accommodations and food

services sector, also qualify if they have no more than 500 employees per physical location.

The maximum loan amount will be the lesser of \$10 million or an amount equal to a multiple equal to 2.5X of the business's average monthly "payroll costs." While payroll costs are defined broadly and include a variety of expenses (vacation or family leave, payments for certain group health care, etc.), it does not encompass the compensation of employees whose annual salary is in excess of \$100,000.

Under the PPP, borrowers may be eligible for forgiveness of the principal amount of the covered loan in an amount equal to the costs incurred and payments made during the covered period (the eight weeks following receipt of the loan) for payroll costs, payment of interest on any covered mortgage, or rent, and any covered utility payment. The amount of the loan forgiveness will be reduced based on a formula that accounts for any reduction in the number of the borrower's employees (FTE) during the covered period, as well as a formula that accounts for reductions in the total salary or wages of any lower paid employee. As such, if all your employees are laid off during the covered period, there is no loan forgiveness.



*Kevin Sickels  
CPA, Partner*

To apply for the loan you need to reach out to a banking institution which can help look at the best options for you.

**Employee Retention Credit:** Employers are allowed a refundable credit against applicable employment taxes equal to 50 percent of qualifying wages up to \$10,000, for a maximum credit of \$5,000 per person.

Eligible employers include those forced by a government to entirely or partially suspend operations because of COVID-19 or those experiencing a significant decline in gross receipts because of COVID-19.

A significant decline in business' gross income is defined as the first calendar quarter in 2020 where gross receipts are less than 50% of the gross receipts for the same calendar quarter in 2019 and

*(Cares Act Business Provisions continued on page 4)*



*(Cares Act Business Provisions continued from page 3)*

continues through the first calendar quarter after the quarter in which gross receipts are greater than 80% of gross receipts for the same calendar quarter in the prior year.

For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19 related circumstances described above.

For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order.

The credit is provided for the first \$10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from Mar. 13, 2020, through Dec. 31, 2020.

If you qualify for a PPP loan, you are not eligible for this credit.

#### **Payroll Tax Deferral:**

Employers can defer payment on their share of Social Security taxes through 2020. Half of the deferred taxes must be paid by December 31, 2021 and the other half by December 31, 2022.

#### **Net Operating Loss:**

Temporarily suspends the 80 percent taxable income limitation on Net Operating Losses for

tax years before 2021.

#### **Net Operating Loss**

**Carryback:** Allows net operating losses ("NOL") arising in 2018, 2019, and 2020 to be carried back five years. Businesses will be able to amend tax returns for tax years dating back to 2013 to utilize the carrybacks.

**AMT Credits:** Allows refunds of unused alternative minimum tax credits.

#### **Business Interest Deduction:**

Increases the limitation on the deductibility of interest expense that may be deducted for 2019 and 2020 from 30 percent to 50 percent of adjusted taxable income.

**Limitation on Losses for Non-Corporate Taxpayers:** Removes the excess business loss limitation for 2018 – 2020.

**Qualified Improvement Property:** Includes a technical correction to the TCJA by fixing the qualified improvement property error, which has inadvertently excluded certain investments from the TCJAs full expensing allowance. Qualified Improvement Property placed in service after September 27, 2017, can now be depreciated under a 15 year life and eligible for 100% bonus depreciation.

**Charitable Contributions:** Limitations for charitable contributions by C Corporations

increased from 10% to 25% of taxable income. This provision also increases the limitation on deductions for contributions of food inventory from 15% to 25% of taxable income.

**Paid Sick and Family and Medical Leave:** With respect to the Emergency Family and Medical Leave Expansion Act in H.R. 6201, the bill clarifies that an employer will not be required to pay more than \$200 per day and \$10,000 in aggregate to each qualifying employee. Further, with respect to the Emergency Paid Sick Leave Act in H.R. 6201, the bill explains that an employer will not be required to pay more than \$511 per day and \$5,110 in aggregate to an individual qualifying for sick leave and not more than \$200 per day and \$2,000 in aggregate when caring for a quarantined individual or child. If an employee is laid off after March 1, 2020 and later rehired, the bill provides access to paid family and medical leave under certain circumstances as long as the employee worked for the employer for more than 30 days prior to being laid off. Lastly, it allows employers to seek an advanced tax credit for payments made to employees.



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## PPP LOANS: MAXIMIZE YOUR LOAN FORGIVENESS

PAUL J. THORSTENSON, CPA/ABV, CVA, PARTNER

Many of you have obtained the Paycheck Protection Program (PPP) loans. This means your eight week clock is underway. Allowable expenditures during this “covered period” may lead to your loan being forgiven. You should have opened a separate PPP bank account, and received or downloaded our PPP guide from our website at [www.KTLLP.com](http://www.KTLLP.com). Now your job is to make sure you qualify for the maximum amount of loan forgiveness allowed under the laws and regulations. This body of law is very fluid, so check the SBA website often for changes. As this article was written on April 24, 2020 it is possible this advice is outdated by the time of your reading.

Also, on our website is a new PPP Loan Forgiveness EXCEL Calculator which will help you better understand the forgiveness process.

### Maximize Expenditures in the Covered Period

As you know, the monies you spend on allowable expenditures during the 8-week period (which commences on the date you first received PPP funds in your bank account) are eligible for forgiveness. I can’t encourage you enough to budget for these expenditures. The MOST important goal is to ensure 75% of what you spend (not of the loan amount) is for allowable payroll costs. What happens if you spend only 73% on payroll and 27% on other allowable costs? We think the regulations will eventually clarify that the 2% is not forgivable. While unlikely perhaps, we FEAR that if you fail the 75%

requirement, future regulations may state none of the loan is forgivable. We don’t know for sure.

The law uses precise language: Forgiveness relates to allowable “costs incurred and payments made during the covered period.” What does that mean? It is possible you can include either “costs incurred” OR “payments made” during the covered period. It could also mean that BOTH tests must be made.

As I’m sure you know, the word “incurred” is equivalent to an accrual basis of accounting. The date an expenditure is incurred is the date to which an expenditure relates. For instance, the electricity consumed by your business in the first week in May is considered to be a cost incurred in the first week in May, despite that the bill might be paid in June.

Let me give you a PPP specific example: Your 8-week (56 day) forgiveness period (the covered period) begins on May 1st. On May 9th you pay employees for a 2-week pay period that ended on May 7th. As such, 7 days of payroll were incurred prior to the covered period, but all of it was paid in the covered period. How much will be counted towards forgiveness? Seven days of payroll or the entire amount paid? No one knows. Future regulations need to clarify. An allowable expenditure can be incurred anytime from February 15th to June 30th. As such, the worst case scenario is the first 7 days of that payroll might constitute a non-forgivable portion of the loan.



Paul J. Thorstenson  
CPA/ABV, CVA, Partner

### Planning Point (1)

The most important take away is you don’t want to be “caught with your pants down” paying any expenditure incurred in the covered period with a check dated after the 56th day. In addition to payroll, on the 56th day, make sure you pay all other costs incurred, such as accrued interest not yet due, utilities, health insurance, pro-rated rents, etc. If you can pay any employer matching or employer pension contribution relating to a period prior to the 56th day, you should attempt to get that paid. The 56th day is an important day to pay everything you can!!

### Planning Point (2)

Certain utility expenses were excluded from the definition of utilities in the law, for example, garbage and sewer service. My advice is to track those utilities and maybe they will correct the oversight in forthcoming regulations. Also, the law gave an example of gasoline for a

(PPP Loans: Maximize Your Loan Forgiveness continued on page 6)

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business vehicle that qualifies as a transportation utility expense. What about diesel fuel for machinery? Track it, as it probably will qualify.

### Planning Point (3)

As of today, the regulations are silent as to any restrictions on whom you bring onto your payrolls in the 8-week covered period and how much you pay them (limited only to a \$100,000 per year equivalent maximum.) Also, when you re-hire, no requirement exists for the workers to actually do any work. I expect forthcoming regulations to prevent employers from hiring family members during the covered period. But who knows? For unrelated employees, it seems the spirit of the law is not violated if you pay them more during the covered period than you had prior to the crisis. But again, we don't know this answer right now.

### Forgiveness Tests?

Once you have spent your allowable funds and determined the amount which can be forgiven, you are then subject to two separate tests. Only one is really an obstacle. Your forgiveness is reduced proportionally if the average FTEs in the 8-week period (numerator) are less than the FTEs in two optional base periods (denominator). Therefore, you must make sure you increase the numerator and decrease the denominator.

### Loan Forgiveness Reduction Test #1 = FTE Reduction

#### Planning Point (4)

You should pick the base period which has the lowest FTEs. The law states you measure the average

FTEs for each pay period during the calendar month within the base period. I'm speculating the regulations will clarify that an FTE is 30 hours per week, and to determine the FTEs, you will add up hours worked in a pay period and divide by 30. The two base periods are (1) February 15, 2019 through June 30, 2019, or (2) January 1, 2020 through February 29, 2020. For most businesses in the Black Hills of South Dakota, the obvious low ebb for employees will be the two winter months.

#### Planning Point (5)

Increasing the numerator is more fun for sure. If you don't have normal duties for people, you may find it advantageous to hire people to do odd, yet productive jobs, like cleaning and painting. Another thought is to maximize the hours. For instance, if you re-hire a tipped employee who had been working 20 hours a week making \$20 an hour, bring them back on making \$10 an hour at 40 hours a week. But, in this example since you reduced the wage by more than 75%, you will need to pay attention to Planning Point (7).

#### Planning Point (6)

If you rehire laid off workers, you can eliminate the FTE fractional forgiveness reduction calculation altogether. This can be used if you have laid off workers from February 15th through April 26th. It is a simple test, and it is an "all or none" deal. You measure the FTEs on the date of February 15th, and if you rehire laid off workers at any time prior to June 30th, such that your FTE count equals or exceeds the February 15th count, then you pass the test, and no FTE reduction is calculated. Please note

the rehired workers can be different people. At least that's how I read the law at this time. Again, additional regulations will explain this better.

### Loan Forgiveness Reduction Test #2 = Wage Reductions

#### Planning Point (7)

Avoiding this reduction in your loan forgiveness is simple. But first, it is important to remember this reduction is applied on a specific employee by employee basis. During the 8-week covered period, do not pay anyone less than 75% of the wage rate they were earning in the first calendar quarter of 2020. Also, for workers for whom you've laid off due to this crisis, you can avoid the test altogether. All you need to do is re-hire all of them any time prior to June 30, 2020, and pay them at least one paycheck at a pay rate equal to the pay rate they were earning on February 15, 2020.

### Conclusion

Again, watch for new regulations on the SBA website. And PLAN, PLAN, PLAN!

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*Go to [ktllp.com](http://ktllp.com) for a step by step graphic guide for the Paycheck Protection Program.*

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## FAMILIES FIRST CORONAVIRUS RESPONSE ACT

AMANDA DOKTER, PHR, SHRM-CP, MANAGER

On March 18, 2020, President Trump signed into law the Families First Coronavirus Response Act (FFCRA). Employers were required to implement this law on April 1st and were to provide the informational notice provided by the Department of Labor (DOL) to their employees. The legislation ends on December 31, 2020.



Amanda Dokter  
PHR, SHRM-CP, Manager

### 1. Expanded Family and Medical Leave Act (EFMLA) –

At the request of an employee, employers must provide 12 weeks of leave to employees who cannot work (both in the office or from home) because their child's (under the age of 18) school or daycare provider is closed or unavailable due to the coronavirus pandemic.

#### a. Who must comply?

- Employers with fewer than 500 employees
- All government employees

#### b. Which employees are eligible?

- Employees who have been employed for at least 30 days prior to the leave starting.
- Both full-time and part-time employees are eligible.

#### c. Do I have to pay my staff when they are on this leave?

- The first 10 days of leave are unpaid. However, employees may elect to use any accrued leave (vacation, PTO, sick, including the leave described below) for these 10 days.
- The rest of the leave is paid at an amount not less than two-thirds of the employee's regular rate of pay up to \$200 per day or \$10,000 in total.

#### d. When an employee comes back do I have to give them their old job back?

- Generally, yes. They are entitled to be reemployed to the position they held when the leave began or to obtain an equivalent position.
- For employers with fewer than 25 employees, the employer does not need to return the employee to their position if:
  - The position does not exist due to changes in the employer's economic or operating conditions caused by a coronavirus related situation;
  - The employer makes "reasonable efforts" to restore the employee to an equivalent position; and

- If these efforts fail, the employer makes an additional reasonable effort to contact the employee if an equivalent position becomes available within a one-year window beginning on the earlier of a) the date the employer no longer needs to take leave or b) 12 weeks after the employee's leave begins.

#### e. Are there any exemptions to the law?

- The legislation does authorize an exemption for employers with less than 50 employees, only if the requirements would jeopardize the viability of their business.
- Employers who are health care providers or emergency responders may also elect to exclude their employees from this bill.

### 2. Emergency Paid Sick Leave (EPSL) – Employers must provide EPSL to employees if they are missing work because of the following:

- The employee is subject to a federal, state, or local government ordered quarantine or isolation.
- The employee has been advised by a health care provider to self-quarantine.
- The employee experiences symptoms of coronavirus and is seeking medical diagnosis.
- The employee is caring for an individual who is subject to a quarantine or isolation order or has been advised to self-quarantine by a medical provider.

(Families First Coronavirus Response Act continued on page 8)



(Families First Coronavirus Response Act continued from page 7)

- E. The employee is caring for a child (under the age of 18) whose school or daycare provider is closed or unavailable due to coronavirus precautions.
- F. The employee is experiencing any other conditions substantially similar to coronavirus, as specified by the Department of Health and Human Services.

**a. Who must comply?**

- Private sector employers with fewer than 500 employees
- Government employers
- All non-private entity employers with more than one employee

**b. Which employees are eligible?**

- All employees regardless of how long they've worked for you

**c. How much leave do they get?**

- Full-time employees will receive 80 hours leave
- Part-time employees will receive the number of hours that the employee, on average, would work for a two-week period

**d. Are there limits to how much I must pay?**

- If an employee uses the leave for situations A, B, or C listed above their pay must be at their regular rate of pay and may not exceed \$511 per day or \$5,110 in total.
- If an employee uses the leave for situations D, E, or F listed above their pay may be at two-thirds their regular pay and may not exceed \$200 per day or \$2,000 in total.

**e. Are there any exemptions to the law?**

- The legislation does authorize an exemption for employers with less than 50 employees, only if the requirements would jeopardize the viability of their business.
- Employers who are health care providers or emergency responders may also elect to exclude their employees from this bill.

### 3. Tax Credit

Employers required to provide the above leave can take advantage of two new refundable payroll tax credits, designed to immediately and fully reimburse them, dollar-for-dollar, for the cost of providing the FFCRA leave. Employers can claim these credits based on the qualified leave they provide between April 1, 2020 and December 31, 2020.

**a. Expanded Family and Medical Leave Act (EFMLA) Tax Credit**

- Eligible employers may claim a credit for two-thirds of the employee's regular rate of pay up to \$200 per day and \$2,000 in the aggregate, for the 10 weeks of paid leave.
- Eligible employers are entitled to an additional tax credit based on costs to maintain health insurance coverage for the eligible employee during the leave period.

**b. Emergency Paid Sick Leave (EPSL) Tax Credit**

- Eligible employers may claim a credit for the employee's regular rate of pay up to \$511 per day and \$5,110 in the aggregate if the employee took leave situations A, B, or C listed above.
- Eligible employers may claim a credit for two-thirds of the employee's regular rate of pay up to \$200 per day and \$2,000 in the aggregate if the employee took leave for situations D, E, or F listed above.
- Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.

**c. Prompt Payment for the Cost**

Eligible employers will be able to retain an amount of the payroll taxes equal to the amount of qualifying leave that they paid, rather than deposit them with the IRS. If there are not sufficient payroll taxes to cover the cost of the qualified leave, employers will be able file a request for an accelerated payment from the IRS. The IRS expects to process these requests in two weeks or less.

For more information and to see frequently asked questions visit the DOL's website at <https://www.dol.gov/agencies/whd/pandemic>.

*This is a condensed summary of the provisions in the legislation enacted on Wednesday, March 18. We understand that this new law raises many questions about administration of these benefit plans. We will continue to monitor information as it is provided by the government and other resources and will be providing regular updates via our website and social media.*



## NET OPERATING LOSSES TAKE ADVANTAGE OF NEW RULES TO SUPPLEMENT CASH FLOW

*CLARK KRAEMER, CPA, PARTNER*

Nobody likes to hear the term “net operating losses” (NOL). It may indicate a business has not performed according to expectations, sometimes due to no fault of the business or its owners. Often an NOL is intentional with the advent of 100% bonus depreciation. However, if a business generates a net operating loss, the ability of the business to achieve an income tax benefit from such NOL becomes paramount. This article discusses important recent changes made to the use of NOLs by the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed into law by the federal government on March 27, 2020.

**OLD LAW:** The 2017 Tax Cuts and Jobs Act (TCJA) limited the deduction for net operating losses (NOLs) of individual taxpayers arising after 2017 to 80% of taxable income. The TCJA also eliminated the ability to carry NOLs back to prior tax years. The TCJA also limited the amount of an annual net business loss to \$500,000 for married taxpayers and \$250,000 for all other taxpayers. This is known as the “excess business loss” limitation rule.

**NEW LAW:** For NOLs arising in tax years between 2018 and 2020 the CARES Act allows taxpayers to carryback 100% of NOLs to the prior 5 tax years. Note the NOL must be carried back first to the fifth preceding tax year and then, to the extent not used or not fully used in that tax year, must be carried to the next succeeding tax year. Also note the default rule

is that an NOL generated in 2018-2020 years **MUST** be carried back. If a taxpayer desires to forgo the carryback years, a formal election must be included in the tax return for the year the NOL was generated to waive carryback of the NOL.

How can a taxpayer who has already filed their 2018 or 2019 return formally waive the carryback period? IRS Revenue Procedure 2020-24 makes it very easy. In order to make this waiver, the Revenue Procedure requires taxpayers to formally include an election in their 2020 tax return indicating they are waiving the right to carryback their 2018 and/or 2019 NOLs.

For a personal NOL, IRS Form 1045 is used to report the carryback of an NOL to a prior year and to compute the amount of tax refund available. Currently the IRS is allowing and recommending taxpayers fax their completed Form 1045 to the IRS (rather than mail) to expedite the processing of the tax return and tax refund check.

The CARES Act also temporarily liberalizes the treatment of NOL carryforwards. For tax years beginning before 2021, taxpayers can utilize an NOL deduction equal to 100% of taxable income (rather than the 80% limit under TCJA). For tax years beginning after 2020, taxpayers will be eligible for (1) a 100% deduction of NOLs arising in tax years before 2018 and (2) a deduction limited to 80% of taxable income for NOLs arising in tax years after 2017.



*Clark Kraemer,  
CPA, Partner*

The CARES Act also effectively deferred, for three years, the application of the excess business loss limitation rule. As such, taxpayers have no limitation on net business losses for 2018, 2019 or 2020. For tax years beginning in 2021, the excess business loss rule goes back into effect.

Generally no one wants to generate a NOL, unless you can use bonus depreciation to harvest taxes that were paid in a year with much higher tax rates, such as existed prior to 2017. However, these new CARES Act tax laws provide for those who do generate a NOL during the 2018-2020 tax years the ability to obtain maximum use of such NOLs to receive income tax refunds. If you find yourself in a NOL situation, please contact your trusted KTLLP tax professional to discuss methods of getting needed tax refund dollars in your hands as quickly as possible.

## KEEPING YOUR EMPLOYEES SAFE DURING THE CORONAVIRUS PANDEMIC

AMANDA DOKTER, PHR, SHRM-CP, MANAGER

As we continue to do business during the coronavirus pandemic, protecting the health and safety of our employees is essential. Keeping a workplace safe benefits your company and your employees and their families. Here are 8 ways you can provide a safe working environment.

### 1. **Actively encourage sick employees to stay home.**

The Center for Disease Control and Prevention (CDC) recommends that sick employees who have not been tested for the coronavirus stay home until they are fever free for at least 72 hours, without the use of medicine, and their other symptoms have improved. However, if an employee has been tested, the CDC recommends they not only stay home for 72 hours, but also wait until the test has returned negative. Those who test positive should follow their doctor's and the CDC's guidelines for returning to work.

### 2. **Require employees who travel to impacted areas to self-quarantine for 14 days.**

The coronavirus incubation period is 14 days and not all those infected show symptoms. To ensure an employee hasn't contracted the virus a 14-day self-quarantine is recommended after travel.

### 3. **Limit the number of people in your building.**

Consider allowing or requiring staff to work from home if their job allows it. Limit or eliminate the number of customers you allow into your business at

one time or try curbside pick or delivery. The fewer people you have in your business the lower the potential of spreading the virus within your building.

### 4. **Continue social distancing.**

As businesses in our communities start to open, maintaining social distancing will be essential to slow the spread of the virus. Stay 6 feet apart, do contactless delivery of services, use virtual meeting options, and cancel/postpone large gatherings.

### 5. **Switch to virtual meetings.**

If you have regular staff meetings or meet with customers in person, see if there is a way to do this virtually. If a meeting is unavoidable make sure to conduct social distancing when you do meet; stick to larger conference rooms and sit apart from each other.

### 6. **Encourage and support good hygiene.**

Good hygiene includes hand washing, using hand sanitizer, eliminating handshaking, and covering your mouth and nose when you cough or sneeze. Make sure you are providing the necessary items so employees can maintain good hygiene practices. Never touch your face with your hands.

### 7. **Make sure you have a clean work environment.**

Have a plan to ensure your business is cleaned regularly. You should be cleaning frequently touched surfaces and items several times a day. This may include phones, light switches, doorknobs, handrails, coffee pots, fridge



Amanda Dokter  
PHR, SHRM-CP, Manager

handles, copy machines, to name a few. Use an EPA-registered household disinfectant. (<https://www.epa.gov/pesticide-registration/list-n-disinfectants-use-against-sars-cov-2>).

### 8. **Temperature Testing.**

Consider daily temperature testing for every person entering your buildings. If you do, make sure to clearly communicate this is going to happen, determine guidelines for administering, follow any rules outlined by OSHA, and, most importantly, be consistent with application.

In this unprecedented time, we all need to remain diligent, ensuring our employees have a safe and healthy work environment. For more details and guidance check out the CDC's website at <https://www.cdc.gov/coronavirus/2019-ncov/index.html>.

Stay safe and healthy!



## KT News

**We can't do what we do without the help of a GREAT TEAM.  
Meet some of them.**

### — NEW HIRES —



*Tiffany Dansby  
Administrative  
Assistant*



*Cassandra Johnson  
Associate,  
Accounting Services*



*Elizabeth Zaitzeff  
Associate,  
Accounting Services*

### — PROMOTIONS —



*Kim Richters  
Senior Associate,  
Tax Department*



*Linda Strong  
Senior Associate,  
Accounting Services*



*Jeanette Stearns  
Senior Associate,  
Accounting Services*



*Carol Duvall  
Senior Associate,  
Accounting Services*

### — INTERNS —

*Ryan Clarke – Tax Department  
Kelsey VandenHemel – Audit Department  
Erin Kremers – Audit Department*

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