



Hello everyone, I hope you and your family are doing well.

### **Tax Deadline**

The July 15th deadline for individual tax returns has come and gone. If you have not had your return prepared yet, the deadline for those under extension is October 15th.

For S Corps and Partnerships that are under extension, the deadline for those returns is September 15th. Please contact us as soon as possible so that we can begin preparing.

### **PPP Update**

The deadline to apply for PPP assistance was extended to August 8th. If you have not applied please do so quickly before the program ends.

For those that have already received PPP loans, the banks will soon be accepting applications for loan forgiveness. Each bank may have their own process for submitting the application whether it be an online form or a paper form. Please check with your lender to find out their process for accepting the applications. To read more about the forms and links to the forms themselves [click here](#) for our prior newsletter.

For clients that need assistance, we will be preparing PPP loan forgiveness applications for clients. The fee will be \$595 for the EZ form and \$795 for the long form.

### **North Carolina Unemployment Tax Update**

Under the North Carolina Covid-19 Recovery act, employers will receive a tax credit towards their contribution to the state's Unemployment Insurance Fund. The credit is equal to the amount of your contribution to the fund for the first quarter of 2020.

You do not need to do anything to receive the credit other than file your 1Q2020 Tax and Wage Report. If you made a payment for the first quarter, the amount will automatically be applied to any contributions due for the second quarter of 2020. If the amount of your credit is higher than the contributions you owe, the difference will be refunded.

### **North Carolina Tax Update**

New tax legislation was enacted by the North Carolina General assembly. One of the highlights from the legislation was the reduced threshold for the deduction of medical expenses from 10% to 7.5% of AGI for 2019 and 2020. Some who filed early in 2019 may want to consider amending their 2019 North Carolina return to take advantage of the higher medical expense deduction. A complete summary of what was passed was

done by the attorneys at Smith Anderson and can be found [here](#).

### **Federal Tax Tip - Real Estate Professional**

Large rental losses claimed by Real Estate professionals can be an IRS red flag. In order for Real Estate professionals to take full advantage of losses they must meet two tests to escape the passive-activity loss rules and deduct their rental losses in full. They must spend over half of their working hours and more than 750 hours a year materially participating in real estate activities.

Material participation requirements must be met on a property-by-property basis for each unit's rental losses to be treated as non-passive, which can be nearly impossible.

One way to meet the material participation standard is to elect to group multiple rentals as single activity which makes it easier to meet the material participation standard.

Making this election requires a careful analysis of your situation. We can help you understand the rules and navigate the complexities to make sure you are able to take full advantage of real estate losses. Contact us if you feel like you could qualify as a Real Estate professional and you would like to know more.

Please let me or my staff know if you need anything. As always, we are here to help.

Thank you!!

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