

Top 6 Accounting and Financial Measures to take for Your Business NOW.

By Joseph Reyes, CPA, MSF of [JL Reyes Accounting & Tax Service, LLC](#)

The impact of COVID-19 on the economy is forcing many businesses to perform triage. Here are my top 6 actions to take now to keep your business as viable as possible in these uncertain times.

Keep your eye on your tax responsibility.

File your tax return as soon as possible if you anticipate a refund. If you will owe taxes, the IRS has extended the deadline to file and pay by July 15th. There won't be any interest or penalties for this extension, and it is automatic. If you still need an extension after July 15th you can have until October 15th as usual. Consider asking the IRS for an installment agreement so that you can keep as much cash on hand as possible. You can get an automatic installment agreement to pay taxes due over seventy-two months! Interest and penalties will likely apply.

Assess your current status and make a plan.

Look at your financial statements and seek advice about downsizing or eliminating unprofitable activities. If you need LLC protection, speak to an attorney now. Decide if you can partner with others to support each other's businesses or if you can convert your business to fulfill another or new need. This is good advice for any business anytime. Be creative. One of my restaurant clients has decided to renovate since the restaurant is empty; another idea is to extend takeout and delivery hours dramatically. Yes, you may have to sleep in the back, but we are talking about survival here! Once you decide what you are going to do be sure to communicate with the general public and your customers as best as you can. If you're staying open, give as much detail as you can to assure customers of your cleanliness, your sanitizing procedures and any changes to your operations. Post on the door and post on social media.

Reduce outgoing cash flow as much as possible but manage your financial responsibilities.

Work with your accountant to look at your operating costs and determine where you can cut unnecessary spending. Consider negotiating with your landlord for delayed rent payments. Also check with creditors to see if they have a forbearance program that can help you with missed payments. If you can, make the minimum payment on all debts. If you have a loan, consider refinancing at a lower interest rate as this might be an opportunity to reduce interest costs and payments keeping in mind that this might impact your credit and credit score. Do your best to uphold the agreements you have. Also, and this is very important: don't put your home up as collateral, EVER. There should be a very compelling reason for risking your home.

Think about how many employees you need during this time and how you will pay them.

Could changing the status to part-time be a good solution? Can you cut benefits temporarily? Also, decide what to do with non-essential employees. Letting them go could be a temporary solution to cut costs. You can hire people back later after you've, hopefully, weathered the storm. Remember, your priority is to keep the business (your baby) alive. Try to keep emotions out of your decisions. Keep in mind that laying off employees allows them to apply for unemployment benefits. Normally if you have people that are not on your W-2 payroll, they are considered 1099 labor and, as such, are self-employed. Normally these employees are not eligible to collect unemployment benefits (the self-employed seldom are). However, there is a stimulus package working its way through Congress that may make an exception for these people. This package intends to extend and greatly improve the unemployment benefits currently available. Stay tuned for more on that. If, however, your 1099 employees are not

eligible for unemployment benefits, consider the consequences of laying them off and they proceed to apply for unemployment. You could incur fines and penalties for not having paid them through regular payroll and not having paid payroll taxes for them. It's illegal to pay employees under the table and as 1099ers because you wanted to avoid payroll taxes. This might bring you legal and tax problems. Lastly, if you are running payrolls, speak to your payroll administrator. You might be able to fund payroll through your credit card instead of running it through your cash account. I know ADP is now allowing payroll to be paid out of a credit card. This is a great way to conserve cash in the short term!

Financial help is available, but you must act fast.

The Chambers of Commerce in your locality are a great resource as well as the national Chambers of Commerce. Check their websites often for new updates. The Small Business Administration (SBA) is another potential source of funding to keep your business afloat. They have the Disaster Relief program. If you even think you are eligible you should move on applying for a disaster loan, and FAST! It's a race to get through to the SBA. The rates and terms of the loans are very attractive. Also, be sure to apply for their regular loans. Now is the time to do whatever you can to get cash in hand even if you don't need it right away. Remember, we are trying to avoid getting shut down because we ran out of money. In addition, check state, county and city websites for programs offering relief to small businesses. Stay tuned to public/private partnerships that can help you get financing such as Finanta, PIDC, etc. Get moving QUICKLY on these applications as they take time. The government is highly motivated to keep the economy moving so it will do what it can to prop up small businesses. Keep in mind that all consideration factors apply such as your financial background and creditworthiness. Some leniency may apply in these circumstances, so give it a try. You will need financial statements for you, personally, and for your business. It's a bit time consuming and may be complicated. Many accountants are available to help put the loan applications together. Lastly, check your business insurance policy for business interruption insurance.

On a personal level, your finances should keep your household running.

Remember that right now we are in disaster control mode. Proactively lower your cost of living. Look at what you are currently spending and cut down expenses (e.g. buy regular gas instead of premium). Look at your retirement accounts and get informed about getting a loan from your 401K plus assess how much cash you can withdraw without penalties or tax liability. It's possible to take money out of an IRA temporarily without incurring penalties and taxes. Also, don't sell stock if you have a brokerage account currently. Remember 2008! People who sold when the market crashed regretted it later. Talk to your investment advisor before making any moves.

Get into CEO mode. Don't do impulsive things. Pray, dig into your inner strength and don't be afraid to make tough decisions. We are entrepreneurs. Striving and fighting is what we do!