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Today's Topic:

**March 2020
Tax Roundtable**

[IRS: High-deductible health plans can cover Coronavirus costs](#)

IR-2020-54, March 11, 2020 — The Internal Revenue Service today advised that high-deductible health plans (HDHPs) can pay for 2019 Novel Coronavirus (COVID-19)-related testing and treatment, without jeopardizing their status.

[Tax Time Guide: Tax Withholding Estimator helps retirees, workers and self-employed calculate taxes, fill out new Form W-4](#)

IR-2020-53, March 10, 2020 — The IRS is encouraging taxpayers to take control of the size of their refund using the Tax Withholding Estimator on IRS.gov.

[Get up-to-date information including the annual IRS "Dirty Dozen" with IRS e-News Subscriptions](#)

IR-2020-52, March 9, 2020 — The IRS today reminded taxpayers, businesses, tax professionals and others to take advantage of a wide variety of free IRS email subscription services that feature things like the annual "Dirty Dozen" list of tax scams, which is coming this month.

[IRS extends April 15 and other upcoming deadlines, provides other tax relief for victims of Tennessee tornadoes](#)

IR-2020-51, March 6, 2020 — Victims of this week's tornadoes and severe storms in parts of Tennessee, including Nashville, will have until July 15, 2020, to file various individual and business tax returns and make tax payments, the IRS announced today.

[Two updated IRA publications, other online resources can help anyone planning for retirement](#)

IR-2020-50, March 6, 2020 — The Internal Revenue Service has updated two comprehensive publications designed to help anyone making IRA contributions or receiving IRA distributions for tax year 2019 or considering making retirement donations before April 15, 2020.

[IRS Criminal Investigation veteran selected as new Fraud Enforcement Director](#)

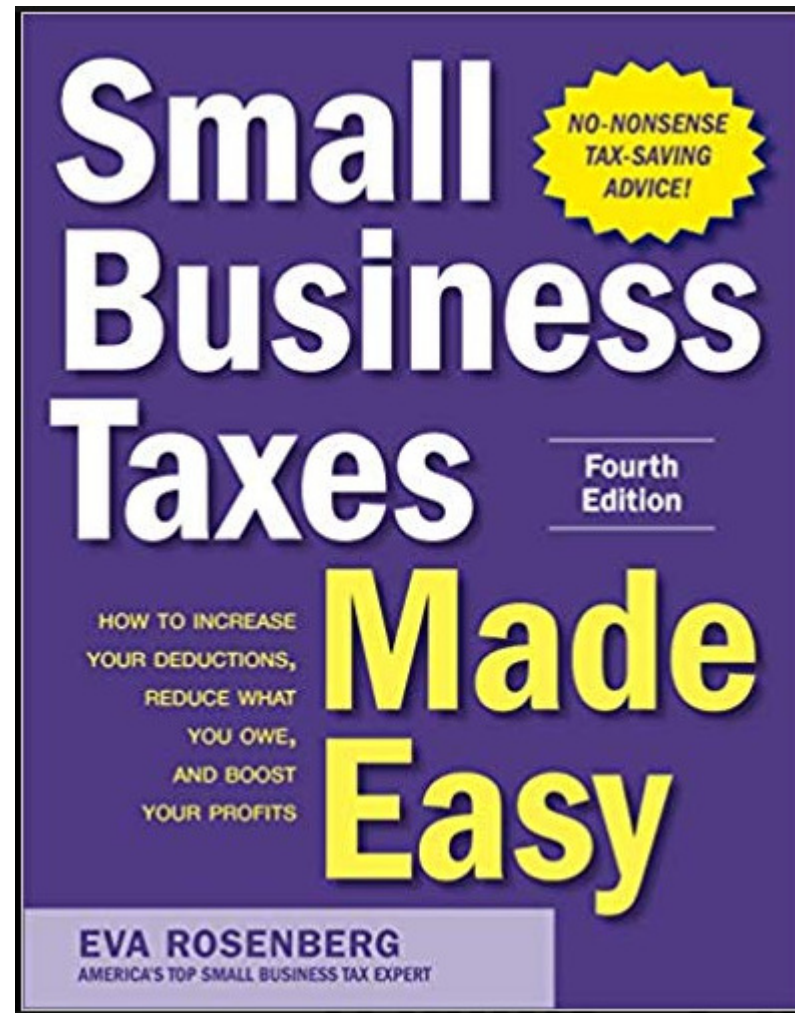
IR-2020-49, March 5, 2020 — As part of a continuing focus on compliance issues, the Internal Revenue Service announced today that Damon Rowe will serve as the agency's director of the newly created Fraud Enforcement Office beginning in mid-March.

- <https://www.amazon.com/Small-Business-Taxes-Made-Fourth/dp/1260468186/>
- Contains the SECURE Act changes
- McGraw-Hill is now shipping the book to stores
- I start recording the audio version tomorrow morning

For autographed copies including shipping:

1 Book - \$25

5 Books - \$85



Bed and Breakfast owners. Purchased a home in their own names with the intent to turn it into a bed and breakfast (with mortgage in their personal names) They did remodeling and building of other cottage on the property and formed an S corp for the business in Aug of 2015 before renting out to guests. They still

1. They never legally converted the property to the S corp name. What do I do to handle the house being in their name not the S corp. I'm thinking the S corp could be leasing from the taxpayer? Giving them a lease payment on Sch E deduct it on the 1120S which reduces the rental income.

2. should the income be listed as ordinary income page 1 of 1120S since it is a bed and breakfast? (maid service and cooking) previous preparer put it on the 8825 for rental even though there are services provided. (If it were a personal return it would go on sch C rather than sch E so I lean toward the front page but should I stay consistent with the way it has been reported on previous returns (assuming they don't all have to be amended)

Shareholder (wife) has received w2 wages (although I don't believe enough to be reasonable.) Both husband and wife are listed on articles of incorporation at the secretary of state and their intention was both of them to be shareholders although the wife was the only one working in the business until this year. Previous preparer listed the wife as the sole shareholder and the taxpayers never noticed the error. Should we just do a resolution to add him now and give him wages in 2020 or will the returns need to be amended?

They have also been using their personal car for mileage and deducting standard mileage on the S corp which is not allowed. We can do an accountability plan for 2020 and have the corp reimburse them but can I do anything with the miles for 2019 and again should the returns be amended to remove the mileage deduction in previous years.

1. They never legally converted the property to the S corp name. What do I do to handle the house being in their name not the S corp. I'm thinking the S corp could be leasing from the taxpayer? Giving them a lease payment on Sch E deduct it on the 1120S which reduces the rental income.

- Yes – set up a lease contract between the business and the owners.
- Set a reasonable fee, and NNN the lease.
- Report the lease income on Schedule E (issue 1099-MISC from S corp) – S corp pays business share of property taxes, utilities, etc.
- On Schedule E, only pick up depreciation, mortgage interest, and the personal portion of property taxes.

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Yes, you are correct. This is a hotel.

We can talk about amending...or not.

Regardless, alert the taxpayer in writing about the error.

They get to decide.

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- Fix it in 2020. Leave the past alone.
- The annual report to the Secretary of State should show them both as shareholders.
- Issue a K-1 to each of them.
- Regardless, alert the taxpayer in writing about the error.

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- Yes – accountable plan for 2020. Have them submit expense reports.
- For 2019 have them submit their mileage reports to correspond to the reimbursements they received.
- If they also deducted actual expenses, do a journal entry to treat those as dividends or officer loans.
- Regardless, alert the taxpayer in writing about the error.

New client previous preparer talked her into becoming a S corp. in 2018 she had no idea why or what she was getting into. They didn't explain to her about wages basis or anything.

She never even switched bank accounts from her prior LLC and never did wages. She only makes about 30k a year has no liability risks and should never have become an S corp.

What is the easiest way to reverse this? Can I file 2019 as her final S corp and switch her back to the LLC for 2020?

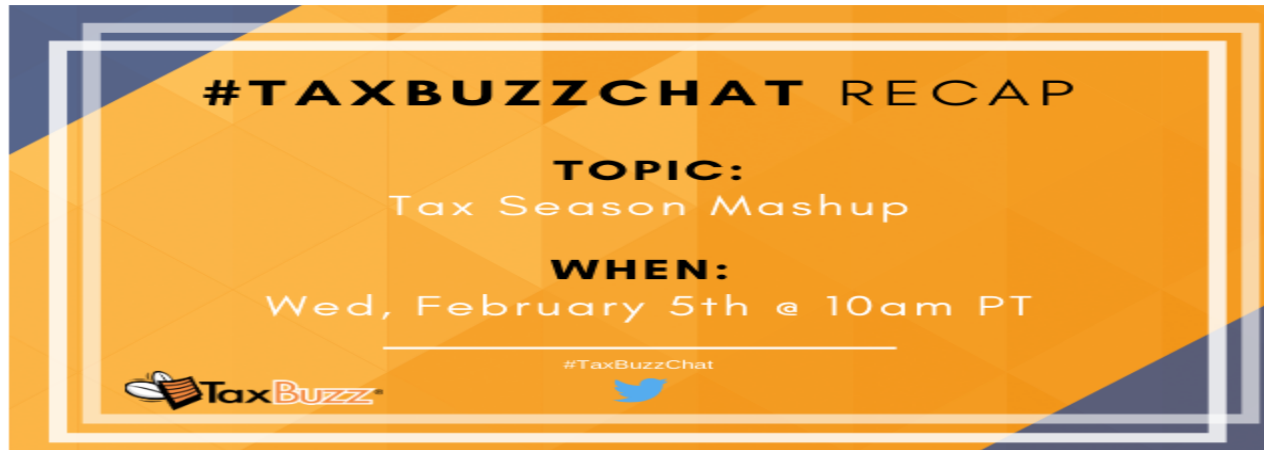
Or will I have to file dissolution papers now and do part of 2020 as an S and part as a sole prop.?

OK Debi, she never established the business as an S corp.

The solution?

Easy.

- Report her business on Schedule C.
- File a zero S corp return for 2019.
- Dissolve the S corp ASAP
- File a short-year, zero S corp return for 2020



There were 12 interesting questions in last week's Tax Buzz Chat

<https://www.taxbuzz.com/blog/taxbuzzchat-march2020-favorite-tax-minimization-strategies>

They are summarized on the website, with the comments and answers from key Twitter tax professionals. (next meeting April 1, 2019 at 10:00 am Pacific)

@taxmama , @taxgirl , @PKubeyEA , @danherronruns
@KeithJonesCPA , @BrettNealCPA , @SylviaDionCPA
@CariWestonCPA , @justinmilleresq , @NayoCarterGray
@J_Stephens_CPA , @MissTaxCat , @MelindaNCPA
@CPA_Trendlines

- You can find today's handout in the Board after the session

<http://irsexams.com/board/index.php?/topic/956-taxmamas-tax-roundtables/>

- And at the TaxMama site

<http://taxmama.com/tax-quiips/taxmamas-tax-roundtables-2018/>

<https://www.cstcsociety.org/2020-summer-symposium-save-the-date->

Meet me in Reno – I am buying dinner on Monday evening



Save the Date for the 2020 Summer Symposium
June 7-10, 2020
Silver Legacy Resort & Casino
Reno, Nevada

QUESTIONS?