

This Month:

- Employers Providing Paid Medical Leave May Qualify for a Tax Credit
 - 4th Quarter 2019 Due Dates
 - Understanding Cash Flow

Employers Providing Paid Medical Leave May Qualify for a Tax Credit

Employers who provide paid family and medical leave to their employees may qualify for an employer credit. To be eligible for the credit, the employer must have a written policy which provides:

- two weeks or more of paid family and medical leave for full-time employees,
- prorated paid leave for part-time employees, and
- pays at least 50% of the employees' normal wages while they are on leave.

The credit is available for taxable years 2018 and 2019 and is equal to 12.5 to 25% of the family and medical leave which was paid to qualifying employees. The percentage is based on how much employers have paid their employee for family and medical leave.

The qualifying types of employee leave are specified in the Family and Medical Leave Act and include such events as:

- childbirth,
- childcare for their newborn,
- an adoption, foster care or child placement,
- care for a family member's serious health condition,
- a serious health condition of the employee,
- an emergency due to a family member's active duty in the Armed Forces, or
- care for a service member who is the employee's close relative.

Employers can claim the credit by filing Form 8994, *Credit for Paid Family and Medical Leave*, and Form 3800, *General Business Credit*. To discuss whether your business can benefit from this credit, please call us.

4th Quarter 2019 Due Dates

October 1:

- ◇ *Businesses:* Deadline for establishing a new SIMPLE retirement plan for 2019; Deadline to provide written notice to employees related to Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) plans that begin on January 1, 2020

October 15:

- ◇ *Individuals:* 2018 return due (Form 1040) if on extension
- ◇ *Calendar-year C corporations:* 2018 return due (Form 1120) if on extension

October 31:

- ◇ *Employers:* File Form 941 for 3rd quarter 2019

During November:

- ◇ *Employers:* Request Form W-4s from employees whose withholding allowances will be different in 2020

December 16:

- ◇ *Calendar-year C Corporations:* 4th installment of 2019 estimated tax due

Understanding Cash Flow

A healthy cash flow is an essential part of any successful business. Face it - if you fail to have enough cash to pay your suppliers, creditors, or your employees, you're out of business! No doubt about it, proper understanding and management of your cash flow is a very important step in making your business successful. Despite what some may think, there's more to it than just a fancy term for the movement of money into, and out of, your business checking account.

Inflows - Inflows are the movement of money into your cash flow. Inflows are most likely from the sale of your goods or services to your customers. If you extend credit to your customers and allow them to charge the sale of the goods or services to their account, then an inflow occurs as you collect on the customers' accounts.

Outflows - Outflows are the movement of money out of your business. Outflows are generally the result of paying expenses. If your business involves reselling goods, then your largest outflow is most likely to be for the purchase of retail inventory. Purchasing fixed assets, paying back loans, and paying accounts payable are also cash outflows.

Cash flow is typically measured by analyzing the amounts of cash received versus the amount of cash paid out. The report most often used to look at where your cash comes from and find out where it's going is called the "Statement of Changes in Cash Position (or "Statement of Cash Flows"). If all is well, you will not be agonizing over the fact that the outflows are larger than the inflows!

If you wish to discuss your company's cash flow or would like more information on the Statement of Cash Flows, or any other Padgett Business Services product, please contact our office.

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