

IN THIS ISSUE:

- 2021 TAX SEASON IS HERE
- WE DON'T JUST PREPARE YOUR TAX RETURNS
- ACA / KALLAS PROCEDURE CHANGES FOR SOME CLIENTS
- 5 IDEAS FOR RETAINING GOOD EMPLOYEES
- CHECK OUT THIS LEARNING RESOURCE

STATUS OF ERTC REFUNDS

BAD NEWS FOR PEOPLE WAITING FOR REFUNDS

The IRS is currently backlogged with millions of unprocessed payroll tax returns due to COVID-19 restrictions and the volume of Employee Retention Tax Credit (ERTC) refund requests.

As of January 12, 2022, the IRS posted that there are about 1.1 million unprocessed quarterly Forms 941 and approximately 441,000 unprocessed Forms 941-X. Additionally, the IRS advised that they will be processing all Forms 941 before they process the 941-X. The backlog is being worked on in the Cincinnati and Ogden offices. (Ogden handles ACA filing so that may be why ACA audits have decreased)

Each quarter of payroll tax returns must be filed separately. Most of our clients have six quarters of credits available. That means the IRS will be processing the original 941 and six 941-X for every business filing for refunds.

Previously, it was expected that after the amended payroll reports have been filed, the IRS would issue refunds within six weeks to six months. **We are now encouraging you to plan for a longer wait – possibly up to twelve months.**

THE IRS IS EXPERIENCING
CONTINUED DELAYS BUT ERTC
REFUNDS ARE TRICKLING OUT

Based on the experiences of some of our clients, refunds are trickling out but not at the rate we should expect.

In previous newsletters, I editorialized that the lawmakers who wrote the law regarding the ERTC had no idea the size and impact this unprecedented law would have. Kallas was one of the first accounting firms to apply for these generous credits so we anticipate that as others catch on and start filing the IRS will be backlogged even more.

As a reminder: to help our client's cash flow during these difficult times, Kallas deferred it's fee until such time as you receive that first refund check. So we are waiting just like you.

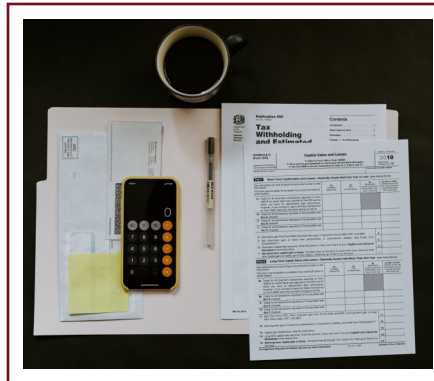
To check the status of your refunds you can call the IRS at 877-777-4778. Expect a long wait time.

2021 TAX SEASON IS HERE

Again, like last year, all the time consuming issues related to COVID-19 are going to be a challenge.

With the fall-out from COVID-19, forced closures, PPP loans, PPP forgiveness, grants, unemployment, and major changes to the IRS code, we expect to be very busy. Please complete your organizer as best as you can and call us if you have any questions.

Otherwise, the normal tax routine is still in effect. And as



usual, it means finding bills, accumulating paperwork, thinking about everything you did last year and trying to figure out ways to keep that darn tax bill to a minimum.

Our goal is to make sure you do not pay Uncle Sam any more than necessary.

As a business owner, there are ways of presenting information, making judgments and using tax laws to lower your tax bill. We have the experience to make use of all the techniques that are available and we work very hard to keep your taxes low.

And we never forget to use our experience and judgment to keep you out of dangerous areas of tax law.

This year, Nick Kallas, Jacob Isaac, and Anthony Gawel will be preparing your personal taxes.

Jim Humenik, Cathy Infantado, Dan Wilson, and Anthony Gawel will be preparing your business taxes.

You can keep your tax preparation costs down and help us to identify potential tax savings by answering the questions on the tax organizer as completely as possible.

Along with the organizer, you should be submitting to us:

- All W-2's,
- All 1099's,
- Closing statements on purchases or sales of real estate,
- Mortgage interest statements, and

- Broker statements.

You can also help us by mailing – or better yet- emailing your information early.

Remember, we know you and your situation very well. Most questions can be answered over the phone and by mail.

Please do not mail or e-mail your information piecemeal.

Accumulate as much as you can and submit it to us in one package.

We will be offering again this year the option of receiving your tax returns via a private, secure web portal. You simply log on, review the return or print a copy at your convenience.

Whether you prefer an on-line version or a physical copy, you will have an opportunity to review the return. If

...our goal is to keep your taxes low.

everything looks good, you will sign a

one-page authorization and mail it back to us with payment of fees. We then E-file your return.

No more need to rush to the Post Office on April 15 and your refund will get to you about 4 weeks quicker.

Please remember, the more organized your data, the less we have to charge. We charge extra for appointments, adding bills or organizing information, follow-up phone calls, missing data, tax advice or consultation, research, alternative calculations, re-running returns, adjusting estimated taxes, or reviewing legal documents.

You can help us and also keep your tax preparation cost down by answering the questions on the tax organizer as completely as possible.

This tax season, due to the Omicron variant, we are limiting the normal face-to-face tax interviews.

If in previous years, you came in for a face-to-face meeting, we are asking that you change your procedure and mail your tax information to us.

If you have an exceptional situation which requires tax planning, call first and if a meeting is necessary, we will arrange a meeting.

PERSONAL INCOME TAXES

Our job at Kallas Company is to help you maximize tax savings and help you create future wealth. For the greatest savings over time you need to plan ahead. Call us before you sell stocks, sell your business, buy a business, or make any substantive changes to your financial situation.

By now you should have received your 2021 tax organizer. If you have not received your tax organizer, call our office for another one.

The tax organizer helps you organize your tax information and allows us to receive your information in such a way as to help us find tax savings for you. If you need help completing it, call Dawn at 313-962-6000.



This tax season, due to the Omicron variant, we are limiting the normal face-to-face tax interviews. If in previous years, you came in for a face-to-face meeting, we are asking that you change your procedure and mail your tax information to us.

If you have an exceptional situation which requires tax planning, call first and if a meeting is necessary, we will arrange a meeting.

Tax interviews prior to March 15 are \$110 per hour. After March 15 they are \$150 per hour.

This year again our experienced preparers: Nicolas Kallas, Jacob Isaac, and Tony Gawel will be preparing your personal returns.

Thank you again for your continued patronage. Remember, if you send us a new business or tax client you receive a gift certificate worth \$100 towards any accounting or tax services. In the years that we have had the gift certificate program, our clients have redeemed thousands of dollars worth of valuable tax services.

ACA ANNOUNCEMENT

The Affordable Care Act (ACA) requirements for restaurants are complex and time-consuming.

Yearly testing is required and if a restaurant, or group of commonly owned restaurants, meets the IRS defined criteria of 50 employees, health insurance must be offered plus yearly forms filed and distributed to all full-time employees.

Kallas has offered this service for all our clients since the law was passed.

Unfortunately, starting with the 2022 reporting year, for those clients who do not use the Kallas Payroll service, we can no longer prepare their ACA forms.

Obtaining records from other payroll companies has become a problem. Some

Starting in the 2022 reporting year, for clients who do not use the Kallas Payroll service, we can no longer prepare their ACA forms.

of the other payroll companies do not generate the needed forms and some national companies make it intentionally difficult so you are forced into signing up for their expensive ACA service.

If you are using a non-Kallas payroll service and you are



liable for ACA, please contact your payroll company now in January and talk to them about their ACA service.

Or, as a better option, Kallas would welcome your payroll business and your ACA obligations would be covered by knowledgeable accountants.

If you have any questions, call Jordan or George at 313-962-6000.

Opportunity does not knock, it presents itself when you beat down the door.

- Kyle Chandler

WE DON'T JUST PREPARE YOUR TAX RETURNS

Throughout the year we pick up new clients - many from other accountants. We always review the prior work to see if there is anything that was missed or can be done to better your situation.

One of the recurring things we notice is that many accountants and tax preparers simply throw the numbers together and don't think about how they affect you.

We work at a higher level than that. We do a full assessment every time we prepare a return for you.

Taxes consume the biggest portion of most people's current earnings and future retirement income.

We look at many items – not only to lower your taxes but to keep you out of the RED FLAG danger zone. For instance:

- We look at the audit potential of your return as to individual line items and the return as a whole.
- We consider your risk tolerance as to how aggressive you want us to be.
- We call you if there are any items that are questionable or require discussion.
- We review your financials before the returns are prepared to look for any unexpected numbers or ratios that may be a red flag.
- We review your tax basis and other technical issues to make sure that your losses do not get limited.
- We may recommend moves you can make to take advantage of expenses or losses you would not be able to take ordinarily.
- We organize your return and your businesses to take advantage of all the credits, deductions and losses we can.
- We make recommendations or perform tax planning services when we see opportunities to make changes that will lower your taxes.

As a business owner, there are many ways to organize or structure your affairs to get the best tax advantage without taking big chances with the IRS. This is where our experience and dedication really pay off for you.

5 IDEAS FOR RETAINING GOOD EMPLOYEES

Hiring new employees and retaining good employees is the biggest problem facing restaurants these days.

The pressure of COVID-19 has changed people's thinking and, according to many sources, a good percentage of workers in foodservice are thinking of changing jobs or getting out of the industry altogether.

Last newsletter, I offered methods of recruiting new employees.

Today, I would like to talk about retaining staff.

First, a hands-on owner has a big advantage over national chain operations. A hands-on owner can create a welcoming culture in his or her restaurant and maintain that culture better than any top-down orders given by corporate ownership to its managers.

You not only need to provide a superior customer experience but you also need to provide a superior employee experience.

Most employees are satisfied with a competitive wage. But that is just one factor. Employees today also want security, a sense of belonging, and benefits if available.

That employee security and sense of belonging or "culture" is a reflection of you as the owner.

And you must determine to develop that welcoming, positive and nurturing culture as a part of your job description as owner.

Here are some tips:

1. When interviewing new employees ask what their interests are and make notes to be able to follow up later. For instance, if that employee is a sports fan, tickets to a game as a reward may go much farther than an impersonal dollar bonus. Or remembering a birthday with a card is an inexpensive simple way to create long-term goodwill.
2. Make sure any new employee has a great first hour,



great first day and great first week. Pay attention to a new employee. Make them feel welcome. Assign a "buddy" trainer. Make sure they know the rules and procedures. Check back with them at the end of the day and again at the end of the week. Ask their opinion of things. This is a good time to ask if they have any friends who may want a job. New employees are a powerful source of finding new workers.

3. Be positive and friendly with all employees. Your attitude will rub off on them. Show employees ways to make more money by being better.
4. *RestaurantOwner.com* has training videos (talked about on page 6) and are a fantastic source for uplifting the employee experience.
5. Create a special sponsorship for your restaurant where everyone participates. A local ice show, a river cleanup, thanksgiving charity work, feeding the homeless. Something that builds teamwork, shows you care and you can also get publicity out of.

75 YEARS IN BUSINESS

MAKING ACCOUNTING FUN

Kallas Restaurant Accounting celebrated it's 75th year in business in 2021. Wow! That is a long time. And still going strong to serve your needs.

Nicholas Kallas founded the company in 1946. George took over in 1984 and Nicolas Kallas continues today. For 75 years, restaurant owners have had a trusted tax advisor they can talk to personally and locally. No distant corporate ownership, voice machines or layers of bureaucracy to get you a quick answer to a tax or accounting question.

After 75 years, Kallas is still the only accounting firm in Michigan specializing 100 percent in closely held and family-owned restaurants and bars.

The benefits to you of our unique specialization are huge. You get unparalleled expertise in the industry. You get an accounting firm who knows your issues and problems and responds quickly. You get the right-sized firm – not too small and not too big. You get reasonable pricing and more services.

The new ERTC is a striking example of how our specialization benefits you.

No major payroll company or accounting firm was equipped to handle the ERTC from beginning to end. The payroll companies could only do a small portion of the entire process and depended on YOU to advise them. And most accounting firms do not have enough qualifying businesses to invest in the time and research necessary and if they did, it was at very high consultation fee.

Kallas started studying the rules when they were first issued and had internal meetings on how to bring this great benefit to our restaurant clients. We have the payroll expertise, the accounting expertise, and the tax expertise to handle the entire process for you.

And we found the loophole in the law that made virtually all restaurants eligible.

One thing I can say after 75 years, is that everyone at Kallas appreciates you and I hope that is evident to you. We really think of you as family.



Without your loyalty, we could not have survived 75 years.

I know after decades of running this business, that we could not do it without the fantastic and loyal Kallas employees that you talk to every day.

Many of you know them and talk to them all the time. Please go to the KallasCompany.com website for a complete listing and photos of our staff. Click on "About Us".

Our undying gratitude for many years of service, loyalty and production to: Jim Humanik 29 years, Sheri Banach 29 years, Cathy Infantado 21 years, Arnold Patton 21 years, Daniel Wilson 15 years, Dawn Jankowski 15 years, Jordan Anderson and Tony Gawel 8 years.

Also, Lafia, Sue, Ravyn, Chat, Jason, Kim, Jacob, Andrea, Julie, Carrie, Michele, Brian, and our newest team-member Tameka.

This is the best team of professionals I have ever been lucky enough to work with.

George Kallas, CPA

CHECK OUT THIS LEARNING RESOURCE

RestaurantOwner.com is a website dedicated to independent restaurant ownership.

It is an excellent source of videos and articles on everything an independent operator needs to know to improve their restaurant.

All the video's are short – 2-4 minutes – and concise. Including such topics as:

- *How to Handle Mistakes and Complaints*
- *How to Create an Ideal Labor Cost Budget*
- *Knife Cuts your Kitchen Team Should Know*
- *How to Know Exactly What Is In Your Inventory*
- *The Basics of Portion Control*
- *How to Stop Hiring Problem Employees*

They also have webinars on important current topics such as the big issues now: How to Hire and How to Retain Good Employees.

You, your managers and staff can all benefit from these learning videos. The video's are

organized by: Back of the House, Front of the House, Human Resources, Managers and Accounting roles so that you can assign certain videos to certain people.

There is a membership fee to join but at least check it out. It could really help your operation and bottom line profit.

Contact them directly for more information.

Kallas is not affiliated with or sponsored by RestaurantOwners.com.

Training Courses for Independent Owners, Managers & Staff



Picture from <https://www.restaurantowner.com/public/Learning-System.cfm>

CALENDAR FOR MARCH, APRIL, MAY 2022

March 15

Corporations: File Form 1120 or Form 1120S for 2021 calendar year and pay any tax due. For automatic 6-month extension, file Form 7004 and deposit estimated tax.

Corporations: Furnish a copy of Sch. K-1 to each shareholder.

Corporations: Estimated Taxes due for corporations with fiscal year ending March, July, September or December.

Corporations: File Form 2553 to elect to be treated as an S Corporation.

Employers: If you are a monthly depositor, your Federal coupon and taxes should be paid on-line.

March 20

Michigan Sales, Use tax due.

March 31

Employers: Electronically file Forms W-2, W-2G, 1098, 1099, and 8027.

April 15

Employers: If you are a monthly depositor, your

Federal coupon and taxes should be paid on-line.

Individuals: File 2021 Form 1040. For automatic 6-month extension, file Form 4868 and deposit estimated tax.

Individuals: Pay the first installment of 2022 estimated tax.

Partnerships: File 2021 Form 1065 and furnish a copy of Sch. K-1 to each partner.

Corporations: Deposit the first installment of your estimated tax for 2022.

Corporations: Taxes due for January year end corporations.

Corporations: Estimated Taxes due for corporations with fiscal year ending January, April, August or October.

April 20

Michigan Sales, Use tax due.

April 25

Employers: UIA form 1020 due for 1st Quarter.

April 30

Employers: File Form 941 for the first quarter.

Employers: Deposit FUTA tax owed through March if more than \$500.

Liquor License renewal forms and fees due.

May 10

Employers: File Form 941 for the first quarter of 2022 if you timely deposited all required payments.

May 15

Corporations: Taxes due for February year end corporations.

Corporations: Estimated Taxes due for corporations with fiscal year ending February, May, September or November.

Employers: If you are a monthly depositor, your Federal coupon and taxes should be paid on-line.

May 20

Michigan Sales, Use tax due.

May 30

Kallas Restaurant Accounting closed for Memorial Day.