

COCPA NewsQuick

July 20, 2020



News and updates for CPAs in Colorado, exclusively for COCPA members

Join the **VIRTUAL** conversation

COLORADO SOCIETY OF CPAs
CHAIR TOUR
2020

REGISTER TODAY

WITH SHARON S. LASSAR,
PHD, CPA (FLORIDA)

The graphic features a dark blue header with the text 'Join the VIRTUAL conversation'. Below this is a large graphic with the COCPA logo (four overlapping triangles in orange, purple, blue, and green) and the text 'COLORADO SOCIETY OF CPAs CHAIR TOUR 2020'. A teal button with the text 'REGISTER TODAY' is positioned below the logo. To the right, a computer monitor displays a smiling woman, Sharon S. Lassar, wearing a red blazer. An orange banner at the bottom of the monitor reads 'WITH SHARON S. LASSAR, PHD, CPA (FLORIDA)'.

Join the Conversation: Thinking Forward to Assure the Profession's Future with COCPA Chair Sharon S. Lassar, PhD, CPA (Florida)

COCPA.ORG

The annual Chair Tour, when the COCPA Chair of the Board and CEO Mary E. Medley visit members across Colorado, is going virtual! You're invited to participate in the one-hour event, which includes complimentary CPE credit, in your chapter area OR attend the event that fits best in your schedule. We've added a Denver event, as well.

Women to Watch Awards and LeadFit Postponed Virtual Only CPE Offerings through April, 2021

Your health and safety and that of your COCPA colleagues are our first priority. Therefore, the 2020 Women to Watch awards program and LeadFit, our signature leadership development program for younger professionals, will not be held in 2020. And, all COCPA CPE programs will be held virtually. We look forward to seeing you online and to being with you again in person when we're able to do so.

IRS Reinstates PTIN Fees for 2021

JOURNALOFACCOUNTANCY.COM

In [T.D. 9903](#), the IRS issued final regulations reinstating fees for obtaining and renewing preparer tax identification numbers (PTINs) for tax return preparers in 2021. The new fee is \$21 plus a \$14.95 fee paid directly to a third party for processing applications and renewals. A valid PTIN must be obtained by anyone who, for compensation, prepares or substantially helps to prepare a federal tax return or claim for refund. The PTIN system provides tax return preparers an

identifying number that is not a Social Security number to include on tax returns.
[Read the story HERE »](#)

Colorado SUTS System Update

The Colorado Department of Revenue recently released a report on the NEW online Sales and Use Tax (SUTS) System. Go to the [CDOR dedicated website for SUTS updates](#) including a recent demonstration of the SUTS system.

A list of participating taxation jurisdictions can be found on the [SUTS Participating Jurisdictions](#) web page. For a list of the home-ruled, self-collecting tax jurisdictions that are participating in SUTS, [click here](#). To check the status of a home-rule self-collecting municipality's participation in SUTS, review the [Report on Home-Rule Municipalities' Participation in SUTS](#).

UPDATE: Colorado Department of Revenue Hearing on CARES Act Guidance, July 16

COLORADO.GOV

The Department will consider the single comment made at the July 16 hearing, as well as the written comments received and make a decision about whether or not to adopt the rule (with or without any amendments). The Colorado Administrative Procedures Act requires the Department to take one of three actions in the next 180 days: adopt the rule; hold a further hearing; or terminate the rulemaking. The Department is likely to make a decision by mid-August. We will keep you informed.

[Rule 39-22-103\(5.3\)](#). Internal Revenue Code Definition – Prospective - The purpose of the rule is to clarify that the term “internal revenue code” incorporates changes to federal statute only on a prospective basis.

[Rule 39-22-303.6–1](#). Apportionment and Allocation Definitions - The purpose of this rule is to clarify that the term “internal revenue code” incorporates changes to federal statute only on a prospective basis.

Information on all rulemaking in process at any stage can be found on the Colorado Department of Revenue tax rules page at <https://www.colorado.gov/pacific/tax/tax-rules>.

Written comments on any proposed rules can be submitted by email to dor_taxrules@state.co.us.

Those interested also can email the Department at that address to receive the Zoom video conference link for other scheduled hearings.

Sign up for the Colorado Department of Revenue free email subscription service to receive notifications when new tax information is available. Your email address will be used only to deliver the information you've requested. [Click here to sign up for Sales & Use Tax Email Alerts](#).



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FEEDBACK REQUEST: State Auditor Seeks Volunteers for Review Initiative

The Colorado State Auditor's staff is continuing to perform the review process on existing tax credits and exemptions provided in current Colorado statutes. They are **seeking CPAs who are familiar with the New & Old investment tax credits** contained in sections 39-22-507.5 & 507.6 C.R.S. If you are willing to provide feedback, please contact Russell Leonard, Tax Policy Analyst, Colorado Office of the State Auditor, russell.leonard@state.co.us.

AICPA Weekly PPP Town Hall This Thursday, July 23

AICPASTORE.COM

The webcast is free to AICPA members (non-member fee \$39). [Register HERE »](#)

PPP Application Filing Deadline Extended to August 8

On July 1, the U.S. House of Representatives joined the Senate in passing by unanimous consent a five-week extension of time to apply for the Paycheck Protection Program (PPP). President Donald Trump signed it on July 4, 2020. Read the story [HERE](#).

NOW AVAILABLE:
July/August
issue of the

NewsAccount Member Magazine

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COLORADO SOCIETY OF CPAs • JULY/AUGUST 2020

Industry Impact:
COVID-19 in Colorado
PAGE 14

Why You Shouldn't Be the
Same Leader After COVID-19
PAGE 22

Mental Health: A
Workplace Priority
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COCPA

The advertisement features a stack of three magazine covers. The top cover is the July/August 2020 issue, titled 'NEWSACCOUNT' and published by the Colorado Society of CPAs. The cover art shows a cityscape at dusk with a green virus-like icon in the sky. The text on the cover includes 'Industry Impact: COVID-19 in Colorado', 'Why You Shouldn't Be the Same Leader After COVID-19', and 'Mental Health: A Workplace Priority'. The COCPA logo is in the bottom right corner.

PPP Recipients Can Apply for Early Loan Forgiveness

PPP guidance released, June 22, declares that PPP recipients can apply for loan forgiveness early but that doing so could cost them money.

Many small businesses have inquired about whether they can apply for PPP loan forgiveness before their covered period expires. The new interim final rule (IFR) says that if a borrower applies for loan forgiveness before the end of the covered period and has reduced any employees' salaries or wages by more than the 25% allowed for full forgiveness, the borrower must account for the excess salary reduction for the full eight-week or 24-week covered period, whichever one applies to its loan.

Under that guidance, PPP borrowers that apply early for loan forgiveness forfeit a safe-harbor provision allowing them to restore salaries or wages by Dec. 31 and avoid reductions in the loan forgiveness they receive. For example, if a borrower has a 24-week period that ends in November but wants to apply in September, any wage reduction in excess of 25% as of September would be calculated for the entire 24-week period even if the borrower restores salaries by Dec. 31.

[Read the new IFR \(interim final rule\) »](#)

[Read the Journal of Accountancy article, published, June 23 »](#)

On June 17, the U.S. Small Business Administration (SBA), in consultation with the Treasury, released a **revised loan forgiveness application for the Paycheck Protection Program (PPP)** and unveiled a new EZ application for forgiveness of PPP loans. The applications reflect changes to the PPP made by the Paycheck Protection Flexibility Act of 2020, P.L. 116-142, which [became law June 5](#). The applications and instructions are available at:

- [Revised PPP Loan Forgiveness Application and instructions](#)
- [EZ PPP Loan Forgiveness Application and instructions](#)

[Read the Journal of Accountancy article »](#)

The AICPA has published a **summary of the Paycheck Protection Program Flexibility Act of 2020**. Read it at the [LINK »](#)

AICPA PPP Loan Forgiveness Calculator Available

Access the calculator [here](#). Scroll down to “Calculators” and select the link.

AICPA PPP Loan Forgiveness Calculator Available

FUTURE.AICPA.ORG

Access the calculator [here](#). Scroll down to “Calculators” and select the link.

Colorado Legislature Passes Tax Fairness Act

On June 15, the Colorado General Assembly passed, via **House Bill 20-1420**, the following temporary tax law changes to generate additional revenue for the state’s Education Fund. As a result of the tax changes, \$113M will be added to the Education Fund in 2021, with an additional \$23M added to the Education Fund in 2022. Governor Jared Polis signed the bill, July 11. For tax years ending after March 27, 2020, and before January 1, 2021, there will be an addition to federal taxable income of individuals, estates, and trusts for:

1. An amount equal to the difference between the taxpayer’s net operating loss (“NOL”) deduction before the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and the taxpayer’s NOL deduction after applying Section 2303 of the CARES Act. ***Note: Prior to enactment of the CARES Act, I.R.C. Section 172(a) limited the use of NOL’s to 80% of the taxpayer’s current taxable income, and Section 2303 of the CARES Act removed this limitation. As such, for purposes of Colorado NOL’s, the 80% limitation continues to apply.***
2. An amount equal to the taxpayer’s excess business loss deduction under I.R.C. Section 461(l) without regard to Section 2304 of the CARES Act.
3. An amount equal to the taxpayer’s interest expense deduction under I.R.C. Section 163(j) without regard to Section 2306 of the CARES Act.

For tax years beginning after January 1, 2021 and before January 1, 2023, there will be an addition to federal taxable income of individuals, estates, and trusts of the qualified business income deduction under I.R.C. Section 199A if federal adjusted gross income exceeds \$1,000,000 for joint filers, or \$500,000 for single filers. Farmers and ranchers are exempted from this addition to federal taxable income.

For tax years beginning after December 31, 2017, the NOL deductions of C corporations will continue to be subject to the 80% limitation contained in I.R.C.

Section 172(a) regardless of Section 2303 of the CARES Act.

For tax years beginning on or after January 1, 2021 and before January 1, 2022, a Colorado resident who claims a federal earned income credit (“EIC”) will be allowed a Colorado EIC equal to 10% of the federal EIC. For years beginning January 1, 2022, a Colorado EIC equal to 15% of the federal EIC is allowable. If a federal EIC is not allowable because a spouse or dependent does not have a social security number, a Colorado EIC is nonetheless allowable based on the federal EIC that would have been allowable if the spouse or dependent has a social security number.

[Read the legislation here »](#)

In addition, the Colorado General Assembly passed, and Gov. Polis signed on June 26, **House Bill 20-1024** concerning modification to the state’s net operating loss deduction. [Read the legislation here »](#)

From the IRS

CAF Operations Update

The IRS is working diligently to return to normal CAF (Centralized Authorization File) processing operations, reduce the backlog, and quickly process authorization requests. While the Service continues to operate with limited staffing to protect employees, CAF units at Memphis and Ogden are operational. The IRS asks that you:

- **Fax a request only once.** Faxing multiple forms to the same or multiple IRS numbers delays processing as all requests must be researched and reviewed.
- **Double check forms for accuracy.** Missing information delays requests.

Balance Due Notice Mailings

Due to the COVID-19 pandemic, the IRS was unable to mail some previously printed balance due notices as a result of office closures. As IRS operations continue to reopen, these notices will be delivered to taxpayers in the next few weeks. Given the time it would take to reprogram IRS systems, and generate updated notices, some of the notices taxpayers will receive have due dates that have already passed. However, each notice will include an insert confirming that the due dates printed on the notices have been extended.

DORA Protocol for Colorado State Board of Accountancy Meeting Agendas

The Colorado Department of Regulatory Agencies has adopted new requirements to protect confidential information of applicants and licensees for all the boards and commissions under its umbrella, including the Colorado State Board of Accountancy. Therefore, meeting agendas no longer list the names of CPA candidates, individuals, or firms which are up for consideration. To determine if you are on a particular agenda, you may email dora_accountancyboard@state.co.us.

The agenda is posted two weeks before scheduled meetings. Future 2020 meeting dates are: August 5, September 23, November 4, and December 16.

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Contact your COCPA member service colleagues via online chat at cocpa.org, 303-773-2877, or 800-523-9082. Go to cocpa.org/covid-19-2 for the extensive list of resources. Check out the AICPA resources page, as well, at aicpa.org. Ask questions, find answers, and share knowledge with your colleagues at [COCPA CONNECT](#), your COCPA members-only, online community.



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