



## General, but timely, thought provoking and motivating information for the clients, friends and families of Nagel CPAs, LLC.

Greetings to all:

### **Predictions: planning ahead, foretelling the future.**

Granted, not many people think about history like I do sometimes.

For example, it occurred to me recently that hundreds (if not several thousands) of years passed from the time Moses blessed Zebulon as a leader of sea faring commerce to the year that Luca Pacioli invented double entry accounting, 1494.

Surely, commerce was conducted successfully without the benefit of such organized and methodical recordkeeping. We can only guess how that was possible. Pay when paid? Cash basis? Barter? Who knows?

What we do know is that today's rapidly changing and complex digital business environment demands good records for managing contemporary commerce. This is true not just for compliance but also for forecasting and predicting the impact of likely future events on actual outcomes.

In his book *Thou Shall Prosper – Ten Commandments for Making Money*, Rabbi Daniel Lapin provides nine tips on "Learning to Foretell the Future." Each of them inherently requires good information that often rests within good accounting systems.

This is relevant to our current situation in many ways. Perhaps the most relevant issue facing business leaders today is that of inflation.

Few employers today experienced the challenges that rapid inflationary spirals created in the late seventies and early eighties. Wages, materials, and overhead were all affected profoundly, and planning was difficult.

Brace yourself. Inflation is upon us. You can read more in my recent RR Observer article, [click here](#).

### **Law and order.**

You may not like the process nor agree with the results of law making in America today. Most owners and employers agree it beats the alternative. Think of the lawlessness of the wild west at the beginning of American history, when "might made right" often at the end of a revolver.

Good rules and regulations, consistently applied and enforced, greatly enhance the marketplace and efficiency of operating at a profit.

The past 15 months have been difficult due to rules and regulations that have changed in attempts to address hardships caused by COVID-19. As noble as the intent may have been, we will feel the consequences for years to come. Massive new laws without regulations surely

will create unintended consequences.

A recent tax court decision came to my attention this past week that addresses a finer point in law as to who can claim a tax credit for tips paid. Generally, this would be the employer. In this case, believe it or not, determining the actual employer was at the heart of the decision: was “the employer” the payroll service or the operating business? Turns out, the court decided it was the payroll service.

Worse, the IRS has announced it will not “acquiesce” in future rulings based on the 11<sup>th</sup> Circuit’s decision. So, what to do? Read the summary for more info at [this link](#). Reflect a bit on how challenging (and costly) tax planning and compliance become when the government and the courts set forth conflicting law.

### **Take it now or take it later? That is the question.**

Beginning July 15, the direct payment of advanced child tax credits will begin disbursing. Remember, these advances are simply loans to be repaid. Many households do not need or want to manage such a loan. All or part must be repaid by next April 15.

Here is a link to the IRS website used to decline the advanced payment <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>.

Enjoy the summer and be safe.

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*If you know someone that would benefit from the information provided in these newsletters please contact [rlamar@nagelcpa.us](mailto:rlamar@nagelcpa.us), or call 505-898-2558 to add them to our subscriber list.*



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