

A detailed, grayscale microscopic image of a virus, likely COVID-19, showing its spherical shape and numerous spike-like protrusions. The background is dark with some bokeh light effects.

# Impact of COVID-19

## Sales, Use and Other “Trust Fund” Taxes

A vertical line of small white dots on the left side of the slide.

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# COVID-19 Pandemic

- Concern and uncertainty you may be experiencing surrounding the coronavirus (COVID-19) – impact to hospitality and other industries
- Long-term effects on the economy? Transportation and Logistics, Manufacturing, Professional Services
- Cash flow management and projections – taxes come to the forefront
- This is not isolated to one or two months – this will be a multi-period effort that will require constant updates to new and evolving rules and regulations
- Each state has their own approach

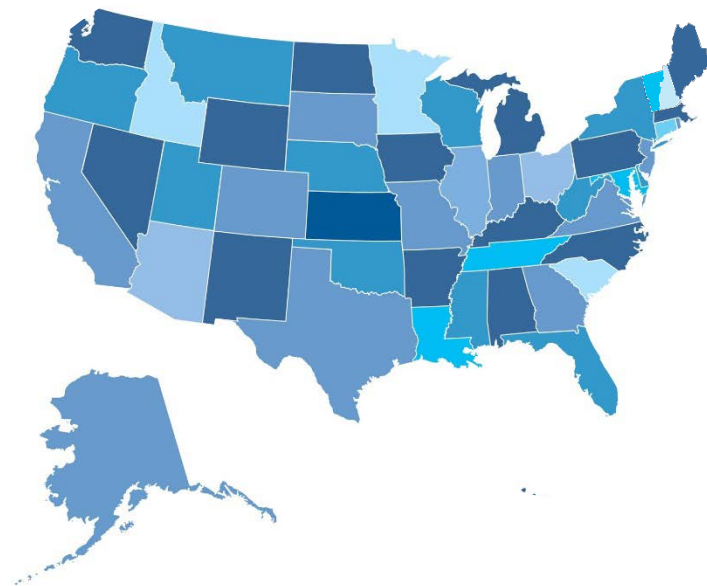


# Statutory Impact of “Trust Fund” Taxes

- Why are states so quick to extend income tax deadlines, but not other taxes like payroll, sales and use, liquor taxes? LEGAL OBLIGATION
- “Trust fund” taxes such as those mentioned above are defined as “a tax required to be collected or withheld and for which the debtor is liable in whatever capacity”. U.S.C. §507(a)(8)(C)
- Personal / Executive Liability – understand the ramifications
- Impact on prepayments?
- Ramifications to timely filing discounts?
- Most states are taking the view that if you collected the tax, you owe it to the state as their “agent”
- Waiver of penalty vs. interest (discretionary vs. statutory)
- Possible waivers in states not offering specific relief?

# What States Are Offering Relief?

- A quick sample of some states:
  - Alabama
  - California
  - Louisiana
  - New York
  - Pennsylvania
  - Washington
- Nationwide group of experts following these updates – GBQ, Smith & Howard, and REDW



# Process Considerations

- Develop game plan – Consider effort to obtain waivers vs. cash retention benefit
- Accrual tracking and reconciliation
- Return preparation process
  1. Ensure tax is remitted timely by extended due date
  2. Interest and penalty may be significant

# Keep in Touch



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