

# Advantage

Your personal finance edge

March–April | 2023

# Back taxes 101



Stay on track | 5 best practices for scaling your business  
Upskill with learning platforms | Flower festival fun | Earth Day exam

# Growth in business and personal pursuits

We're moving steadily along in 2023, and spring will be here before we know it! It's time to reevaluate the goals you set for yourself *and* your business at the beginning of the year and adjust as needed.

Tax season is here, and if there's one phrase that will have you running for the hills, it's "back taxes." But fear not; we give you the lowdown on all things back taxes in case you receive a notice from the IRS. Take a deep breath; it'll be fine.

In the second installment of our Financial Foundations series, we dive into budgeting for both individuals and businesses. We've rounded up five of the best budgeting apps available to help you get to know your numbers, commit to staying on track with your spending and even save some cash for a rainy day.

Ready to grow and scale your business this year? With these best practices, you'll be able to make a plan with your eyes wide open and set yourself up for success. While you're looking to scale, invest in your team's skills by offering them access to learning platforms. We've gathered some of the best applications available—and some options are even free.

Earth Day is right around the corner, so we have a quiz to test your knowledge of Mother Earth and how Earth Day came to be. And if you dig flowers (we see you, anthophiles), you'll want to put the pedal—er, *petal*—to the metal and check out these flower festivals with your buds.

Here's to your growth in 2023!

*Your trusted advisors*

We give you the lowdown on all things back taxes in case you receive a notice from the IRS.

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# Back taxes 101



If the phrase “back taxes” sends a shudder down your spine, you’re not alone. Unpaid taxes aren’t uncommon, but disregarding back taxes can put you at risk for increased liabilities and accrued penalties, which can be detrimental to your finances. Knowing where to start can be the hardest part, so let’s dive into what you can do if you owe taxes and cannot pay.

## Back taxes defined

Simply put, back taxes are local, state and/or federal taxes that have been partially or fully *unpaid* in the year they’re due. This can happen when taxpayers file a return but don’t pay the tax liability, fail to report all income earned during the tax year or neglect to even file a tax return.

In the case where a return isn’t filed, there is a failure-to-pay<sup>1</sup> penalty of 0.5% of the amount due. This applies every month or part of a month until the tax is paid in full, or until the penalty reaches 25% of the original tax balance owed.

The IRS also considers back taxes to be the equivalent of a loan, so they charge interest (yes, in addition to the penalties you pay) on the amount due. Not only that, but they change the interest rate every three months by calculating the federal short-term rate<sup>2</sup> plus 3%.

It’s in your best interest to pay back taxes as quickly as possible...before the IRS uses aggressive collection tactics to recoup what they’re owed.

## IRS tax notices

If you don’t pay your taxes in full when you file your tax return, you’ll first receive a bill from the IRS for the amount you owe. This bill starts the collection process until your account is paid in full or until the IRS can no longer legally collect the tax (i.e., when the time or period for collection expires).

The first notice you’ll receive will be a letter that explains the balance due. It will also demand payment in full, which includes the amount of the tax, plus any penalties and interest accrued from the date the tax was due. It’s important to

remember that legitimate tax notices will arrive via mail and no other delivery method (e.g., text, email or phone call).

If you believe your notice was issued in error or if you have questions<sup>3</sup>, you can write to the IRS office that sent the letter within the timeframe provided or call the number listed on the notice for assistance.

## Options for payment

While it's best to pay your balance in full if you're able to do so, there are a few options available to you when you owe back taxes and can't pay the balance immediately.

### 1 Installment agreements<sup>4</sup>

The IRS allows taxpayers to set up a payment plan within an extended timeframe if they'll be able to pay their taxes in full within that timeframe. A short-term payment plan allows taxpayers to pay the amount owed within 180 days. A long-term payment plan allows taxpayers to set up a monthly payment plan. It's important to note that there may be fees to set up payment plans, and penalties and interest will continue to accrue until the balance is paid in full.

### 2 Offer in compromise<sup>5</sup>

This option allows you to settle your tax debt for less than the full amount owed if paying your full tax liability will create a financial hardship. Taxpayers must meet several eligibility requirements

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<sup>1</sup>"Topic No. 653 IRS Notices and Bills, Penalties, and Interest Charges," IRS, January 3, 2023. <https://www.irs.gov/taxtopics/tc653>

<sup>2</sup>"Applicable Federal Rates (AFRs) Rulings," IRS, August 9, 2022. <https://www.irs.gov/applicable-federal-rates>

<sup>3</sup>"Understanding Your IRS Notices," IRS, January 30, 2023. <https://www.irs.gov/individuals/understanding-your-irs-notice-or-letter>

<sup>4</sup>"Additional Information on Payment Plans," IRS, August 25, 2022. <https://www.irs.gov/payments/payment-plans-installment-agreements>

<sup>5</sup>"Offer in Compromise," IRS, July 29, 2022. <https://www.irs.gov/payments/offer-in-compromise>

and apply for an offer in compromise. The IRS recommends exploring all other payment options before submitting an offer in compromise.

### 3 Currently not collectible status

For taxpayers needing more time to pay, a request to delay collection of payment and report their account as "currently not collectible" is an option. The IRS will ask you to complete a Collection Information Statement (Form 433-F, Form 433-A or Form 433-B) and may temporarily delay collection until your financial condition improves. Under this option, the debt doesn't go away and will continue to accrue penalties and interest until the debt is fully paid.

## IRS collection tactics

If back taxes continue to go unpaid, the IRS will become more aggressive in collecting a debt, including filing a tax lien, issuing a levy or garnishing wages.

- **Liens** allow the government to make a legal claim against your property, like real estate, personal property and financial assets. It can also include future assets acquired while there's a lien against you.
- **Levies** permit the legal seizure of your property (e.g., retirement accounts, bank accounts, physical assets, pending wages) to satisfy your debt.
- **Wage garnishment** allows the IRS to direct your employer to deduct a predetermined amount from each paycheck to be sent directly to the IRS. This garnishment also applies to bonuses, tax refunds and unexpected funds.

## Resolve back taxes...quickly

Receiving a notice about back taxes can be alarming, but the most important thing to remember is to pay that debt quickly. If you have questions or concerns about a tax notice, contact a tax professional to determine the best option for your situation. ■





# Stay on track: 5 budgeting apps for work and home

If you feel like you're the only one who doesn't follow a budget... you're not alone. According to a survey by OppLoans,<sup>1</sup> 73% of Americans don't regularly follow a budget. In addition to that, 1 in 10 survey respondents don't keep any budget at all. To help you (and your small business) stay on track with your finances, we've rounded up the top five budgeting apps available.

<sup>1</sup>2022 Personal Finance Study," OppLoans, September 13, 2022.  
<https://www.opploans.com/oppu/articles/personal-finance-study-2022/>

## YNAB

**Who can use it?** Individuals and small businesses

**Cost:** \$99/year or \$14.99/month

**Available:** App Store and Google Play

**Website:** [younedabudget.com](https://younedabudget.com)

You Need a Budget (YNAB) is a zero-based budgeting system that is based on having users plan for every dollar earned. It securely connects to your bank accounts and imports transactions automatically; updates in real-time via website, phone and tablet; and it helps you prioritize spending and savings goals while tracking your progress. YNAB also offers educational resources to help you learn how to budget and use its app.

## Mint

**Who can use it?** Individuals and small businesses

**Cost:** Free; in-app ads

**Available:** App Store and Google Play

**Website:** [mint.intuit.com](https://mint.intuit.com)

Mint easily connects to all of your accounts—cash, credit, loans and investments—to give you a single picture in one place. It sends notifications when bills are due and if subscription costs increase; automatically categorizes transactions for simpler budgeting; sends personalized insights; and tracks your net worth, spending and budgets to help you find opportunities to save more money.

## PocketGuard

**Who can use it?** Individuals

**Cost:** Free; additional features with monthly (\$7.99/month) or annual (\$34.99/year) subscription

**Available:** App Store and Google Play

**Website:** [pocketguard.com](https://pocketguard.com)

PocketGuard is an automated budgeting app that helps users track their money and manage

their spending habits to reduce debts. Securely link your accounts to stay on top of spending, subscriptions and bills. PocketGuard also helps find and cancel subscriptions you're no longer using (or just plain forgot about). Create custom budgets while the app analyzes your habits to find opportunities to save money.

## PlanGuru

**Who can use it?** Small businesses

**Cost:** Starts at \$99/month or \$899/year

**Available:** Cloud-based app or Windows desktop application

**Website:** [planguru.com](https://planguru.com)

PlanGuru helps businesses build and implement budgeting, forecasting and financial review processes. It provides an integrated income statement, balance sheet and cash flow statement to always keep you aware of your finances. Easily import from QuickBooks® Online, Xero and Excel, and benefit from in-app reporting.

## Simplifi

**Who can use it?** Individuals

**Cost:** Starts at \$3.99/month for the annual plan

**Available:** App Store and Google Play

**Website:** [quicken.com/simplifi](https://quicken.com/simplifi)

Simplifi lets you see all your finances on one dashboard by connecting to your bank accounts, credit cards, loans, 401(k) and other investments. It automatically generates a customizable budget based on past spending, tracks upcoming bills and projected cash flow, and allows you to save for multiple goals.

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Whichever app you go with, remember that budgeting takes a commitment to consistency. Set aside 10 minutes each week to make sure you're using your budgeting investment well...and, well, staying on budget. ■



# 5 best practices for scaling your business

Successfully scaling a business requires intentional and strategic planning, from implementing repeatable processes to hiring the right number of team members to setting both short- and long-term goals. Here are five best practices to keep in mind when you begin planning to scale your company.

## 1 Create realistic goals

When first thinking about scaling your business, you want to start by setting clear goals and expectations for your team. If your team isn't aligned on your goals, it's likely they won't be motivated or have the proper tools to meet them.

While you may be eager to focus primarily on short-term goals, you need to play the long game to scale your business successfully.

Setting long-term goals allows you to break them into smaller, manageable goals to track progress better.

Use the SMART method when goal planning. Set goals that are **S**pecific, **M**easurable, **A**chievable, **R**elevant and **T**ime-bound.

Doing this ensures that your objectives are attainable within a specific timeframe. Also, communicate these goals to your team, so everyone's on the same page.



## 2 Standardize and automate processes

It's important to implement repeatable day-to-day workflows to help streamline processes among your team. This will ensure that your company is saving time and costs when it comes to daily tasks. Document business processes and ensure each team member is aware of—and follows—these outlined processes.

Leverage technology and cloud applications to help streamline workflows. When tasks are automated, it saves valuable time for your team and makes scaling your business easier. Consider tools to automate your accounting and payroll, customer relationship management, inventory management and appointment scheduling, just to name a few. Many applications can integrate with one another, making processes even more streamlined and easier to control, allowing you and your team to focus on scaling the business.

## 3 Build a high-performing team

Scaling up your business means having the right team on board...and this could even include outsourcing or contract work. Review the goals you've created to grow your business to determine which areas will need additional staff. Is it customer service, management or sales? Don't make the mistake of hiring too many employees too quickly, but do make sure you have a plan to hire when needed.

Also, consider the outside vendors, suppliers or partners you work with that will be part of your overall growth. Depending on your business, think about current issues you may be facing with external relationships: Are there supply chain issues? Is the vendor reliable? Are their services cost-effective? Make sure the team you're working with—both internally and externally—is the right fit for scaling your business.

## 4 Connect with your customers/clients

Without customers, well...your business can't scale. No matter your type of business, you'll want to focus on the customer experience and serving customers the best way possible. Now is the time to build and maintain those relationships, because upselling and cross-selling to your current customers and clients is much less expensive than selling to new ones.

Of course, you still want to target new customers or clients. After all, scaling your business means increasing revenue. It's important to focus on your customers' needs so that you're able to evolve your offerings over time. Doing so will help you retain loyal customers and clients...and scale your business at the same time.

## 5 Remain adaptable

The business landscape is constantly changing. To successfully scale your business, you must continuously reevaluate and adapt to the changing needs of your customers or clients—and the ebb and flow of the market. Don't change just for the sake of change, but focus on sustainable growth and making intentional changes that will help you meet your goals.

Review and update your strategic goals consistently so that you can make adjustments and adapt processes or objectives that may not be working. Be mindful and focus on the long-term success of your business.

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## Start scaling

Keep these best practices in mind when you're ready to scale your business. And remember what's important: to focus on the long-term success of your company. Here's to scaling to success! ■

# Upskill with learning platforms



Providing training and development opportunities for your team can help increase their expertise in the skills needed for your business, and it can set your employees up for success in their future endeavors.

While that may sound like you're investing in someone who's just going to end up leaving, fear not! A survey conducted by SHRM<sup>1</sup> in 2022 found that 76% of employees said they're more likely to stay with a company that offers continuous training. Investing in your employees is a sound investment in your company—and your team's future.

There are several learning platforms available, and we've rounded up five of the best—from pre-recorded course libraries for in-demand skills to fully customizable learning tracks.

<sup>1</sup>Report: Employers Reap Benefits of Employee Training When Done Right," SHRM, August 29, 2022. <https://tinyurl.com/ycyxb22d>

## **LinkedIn Learning** [learning.linkedin.com](https://learning.linkedin.com)

LinkedIn Learning is an online learning platform tailored for employee training and professional development. Users can choose their own classes, or you can curate a specific curriculum for your employees to help them learn critical skills.

LinkedIn Learning boasts a library of more than 16,000 courses across seven languages, from finance essentials and strategic thinking to interpersonal communication and emotional intelligence. So, you can rest assured there's something for everyone.

The cost for teams of two or more is **\$379.88** per seat/year.



GoSkills is a training platform specializing in corporate skills training, focusing on in-demand skills like data analysis, project management, business writing and leadership training. It also offers courses in soft skills (e.g., public speaking, customer service training, body language) and even office productivity (e.g., Google Drive, Keynote).

GoSkills also gives you the ability to create your own courses through its Course Builder feature. Users can track their own goals, and courses are gamified to keep them motivated. GoSkills also provides reporting and analytics for progress tracking.

The cost for teams of two or more starts at **\$29/month** or **\$14.50/month** if paid annually.

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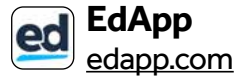


Udemy Business is a learning platform with more than 8,000 courses to help upskill employees. The company offers on-demand, immersive and cohort learning to bridge skill gaps and increase productivity. Training can be personalized for team members, guiding them to recommended courses to improve their skills and knowledge.

Udemy Business features include a course builder so users can create their own content for their teams. It includes courses that can help prepare employees for upcoming certifications, specific learning paths and powerful analytics for tracking employees' progress.

The cost for teams of two or more starts at **\$360/user** per year.

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EdApp is a free mobile corporate training platform that has more than 1,000 courses to choose from. It allows users to add and edit their own content to reinforce their own company policies and processes. Building your own course is simple—choose from ready-made templates, videos, quizzes, games, assessments and more.

Categories of courses range from sales and leadership to workplace culture and self-improvement. EdApp also has an Analytics Suite, allowing businesses to track compliance, spot problems early, and design better learning outcomes with its built-in reporting and analytics.

The basic package is free, and subscriptions, which start at **\$2.95/user** per month, allow for a customized experience with a team of EdApp's experts.

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Coursera for Teams is an online learning platform with a catalog of more than 5,200 courses, 200,000 short clips and lessons, 3,300 guided projects, and more than 640 specializations to choose from. It allows businesses to build curated learning programs for employees, as well as track their enrollments and learning hours.

Courses include a range of classes, from introductory business lessons and mental health to culture-driven team building and digital marketing. Learners can earn shareable certifications when they complete courses.

The cost for teams of five or more starts at **\$399/user** per year.

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## Invest in learning

Remember that investing in your employees plays two important roles: It helps your team build their skill sets and benefits your business. In a time when companies struggle to retain their best employees, offering continuing education is key in getting them to stay. ■

# Flower festival fun

April showers bring May flowers. We're not "dandelion"—we've gathered (see what we did there?) the best flower festivals the world has to offer. From Portland, Oregon, to Medellín, Colombia, we're head "clover" heels in love with these floral displays.

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## **Portland Rose Festival**

### **Portland, Oregon**

Founded in 1907 as a way to put Portland on the map as the Summer Capital of the World, the Rose Festival has now become world famous. It boasts three popular parades, a three-weekend urban fair and its iconic Rose Festival Court, comprised of 15 outstanding students chosen from Portland Metro-area high schools.

## **California Poppy Festival™**

### **Lancaster, California**

Lancaster is home to the largest crop of California's state flower (i.e., the poppy), so where else would their famous festival be held? Attendees can enjoy live entertainment, a beer garden, food, live animal exhibits and over 200 local vendors during this three-day festival.

## **Skagit Valley Tulip Festival**

### **Mount Vernon, Washington**

Officially inaugurated in 1984, the Skagit Valley Tulip Festival came to be because spectators were coming by the thousands to view the tulips on display. The festival has expanded to 30 days full of art shows, the Downtown Mount Vernon Street Fair, endless food and beverage, and a driving tour through four rotating tulip gardens.

## **North Carolina Azalea Festival**

### **Wilmington, North Carolina**

The Azalea Festival took root back in 1934 but did not come to fruition until 1948. Since then, the festival has grown into five days of live music, dance parties, street fairs, boxing competitions, volleyball tournaments and a parade—all culminating with a spectacular fireworks display.

## **Bluebonnet Festival**

### **Chappell Hill, Texas**

Touted as the only "official" bluebonnet festival in Texas, it began as a small-town antique festival. Chappell Hill is located between Austin and Houston and produces one of the state's largest festivals with picturesque landscapes, live music, arts and crafts vendors, and family friendly activities.

## **Daffodil Festival**

### **Meriden, Connecticut**

The Daffodil Festival began back in 1978 as a simple community event and is now Meriden's largest—and most colorful—festival boasting over 600,001 daffodils in bloom during peak season. This two-day festival includes a parade with over 3,000 participants, kiddie rides, arts and crafts, food tents, and musical entertainment.

## **Batalla de Flores**

### **Laredo, Spain**

The "battle of the flowers" has been running since 1908. Large and small floats parade around the Alameda Miramar (Laredo's central park), covered entirely with flowers—primarily carnations and dahlias—to bid farewell to the summer season. Visitors can peruse street markets and listen to brass bands as they walk throughout the city.

## **Bloemencorso Bollenstreek**

### **The Netherlands**

This week-long festival at the end of April hosts over one million visitors each year. The highlight of the event is the parade that travels a 42-kilometer route (26 miles), with music from marching bands and entertainment aboard each float. Spectators can watch volunteers create the flower-covered floats by hand as part of the festival.

## **Feria de las Flores**

### **Medellín, Colombia**

Feria de las Flores (The Flower Festival) is considered Medellín's most important traditional cultural event. There's something for every flower lover with peasant parades, flower competitions, folklore shows, horse fairs and live music.

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Save up your "peonies" and try to attend a festival near you. "Be leaf" us, they'll make your "daisy." ■





## Earth Day exam

Earth Day was created to inspire all Americans to be conscious of air and water pollution and has since grown to change human behavior and make global, national and local policy changes. Take this quiz to test your knowledge of Earth Day.

**1 When was the first Earth Day?**

- A. 1965
  - B. 1970
  - C. 1982
- 

**2 Which Wisconsin senator conceived the idea of Earth Day?**

- A. Gaylord Nelson
  - B. Pete McCloskey
  - C. William Proxmire
- 

**3 The US government responded to Earth Day with environmental legislation that resulted in what government agency?**

- A. National Oceanic and Atmospheric Administration (NOAA)
  - B. Council on Environmental Quality
  - C. Environmental Protection Agency (EPA)
- 

**4 When did Earth Day become recognized worldwide?**

- A. 1985
  - B. 1990
  - C. 1995
- 

**5 About how many people recognize Earth Day each year?**

- A. 10 million
  - B. 1 billion
  - C. 10 billion
- 

**6 What day does Earth Day fall on every year?**

- A. February 22
  - B. March 22
  - C. April 22
- 

**7 In what year did the United Nations join the Earth Day celebrations?**

- A. 1995
  - B. 2000
  - C. 2005
- 

**8 Outside the US, other countries refer to Earth Day as what?**

- A. Earth Day
  - B. The Day of Earth
  - C. International Mother Earth Day
- 

**9 What is the name of Earth Day's theme song?**

- A. Earth Day Anthem
  - B. Don't Go Near the Water
  - C. Save the Planet
- 

**Answers**

**1-B** April 22, 1970, was the first Earth Day, intentionally set between spring break and final exams for college students in hopes they would participate in this grassroots demonstration. **2-A** Vietnam War protests inspired Senator Nelson after witnessing a massive oil spill that leaked millions of gallons of oil off the coast of Santa Barbara in 1969. **3-C** The EPA was created as part of a 37-point proposal presented by President Richard Nixon. **4-B** A group of environmental leaders helped organize a major campaign that mobilized 200 million people in 141 countries to get worldwide involvement. **5-B** The Earth Day Network says Earth Day is the largest secular observance in the world and reaches people in more than 190 countries. **6-C** Earth Day falls on April 22 each year as a nod to the original demonstration that took place in 1970. **7-B** On the 30th anniversary of Earth Day, the United Nations announced they were taking a leadership role to focus on energy and climate change. **8-C** The United Nations dubbed Earth Day, "International Mother Earth Day," in 2009, but the US still calls it Earth Day. **9-A** This anthem was written by Indian poet Abhay Kumar in 2013 and has since been recorded in all official UN languages.



# Now is the time

The tax deadline is approaching fast—  
have you filed yet? Take advantage of  
our convenient, paperless process.

***But hurry—time is short!***



LEIF E. PETERSON, CPA