

## The Biz Beat Podcast – Episode 06: Tariff Ruling Shakeup, Tax Bill Hits Senate, & What to Do With Amended Returns

**Lee:** Hey everyone, and welcome back to The Biz Beat by SVA, the podcast that helps business owners stay sharp when it comes to taxes, business trends, and smart strategies. I am your host, Lee Schwartz, Director of Business Development and Sales at SVA Certified Public Accountants. And I'm joined by Eric Trost, Tax Principal, also here at SVA. Eric, I introduce you as Tax Principal, but we have some big news to announce.

**Eric:** We certainly do.

**Lee:** Do you want to tell people, or you want me to?

**Eric:** Oh, I think it needs an intro. So please go ahead.

**Lee:** All right, ladies and gentlemen, this isn't just Eric Trost Tax Principal, this is Eric Trost Tax Principal and President of SVA Certified Public Accountants. Congratulations, Eric.

**Eric:** Yeah. Thank you. Lee, looking forward to trying to implement what I've been implementing all along with client base, which is trying to advise the firm and help them along to achieve goals.

**Lee:** Now, to be fair, this doesn't actually start until June 1, so you could still do something to sort of, you know, screw up and now we name somebody else.

**Eric:** That's correct. I've got to watch my P's and Q's through the weekend.

**Lee:** All right, you're on probation until Monday. Well, great, congratulations. Huge news. Excited to have, you're not leaving us on the podcast yet, though, right? You're going to stay with us.

**Eric:** I'm going to stay with you on the podcast. That's right.

**Lee:** All right, great. Well, congrats again. If you're joining us for the first time listener, welcome. Every week we break down what's going on in the world of tax and business, highlight a key issue that might affect you and answer a question from our inbox.

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## Tariff Ruling Shakeup

**Lee:** So, let's jump right in. And we've been talking about it a lot, Eric, but our main topic tonight is going to be tariffs. New information coming out just in the last day or two. You want to give us an update on what's going on with tariffs please.

**Eric:** Right. So as a background: recall that President Trump instituted, essentially on his own, without Congress, tariffs on various countries and raise the tariffs on various countries, including China, Mexico, European Union. So that was all done back in April. And normally, the trade negotiations are done through acts of Congress and Senate approval. But Trump, you know, has found a loophole that said, hey, under this regulation, I can issue, I can issue tariffs just on my own. Well, that loophole was challenged, and there was a private company that challenged. It took Trump to court and said, basically the federal government to court and said that these tariffs cannot be in effect because they didn't go through the normal process, going through the House and the Senate and getting all their approval. It's not a one man show for tariffs. It's got to go through this process, and we've got a court ruling as of yesterday. So yesterday, today is Thursday, May 29<sup>th</sup>.

**Lee:** Yes.

**Eric:** Okay, so we had a court ruling as of May 28, that was Wednesday, and that court ruling said that indeed, these tariffs aren't legal, and that these tariffs should go through the House and the Senate, a normal channel of approval before they get imposed. So, in fact, those that the tariffs right now are, in effect, illegal tariffs. And what the court did was give the administration some time to now incorporate this new rule, that is that the tariffs cannot be enforced.

**Eric:** Trump, of course, is appealing that. So the federal government is appealing that. They want to get it appealed as quickly as possible and get what's called a stay on that ruling so that if they do fight it in the future, which certainly Trump intends to do, that this ruling, that the that the tariffs are illegal, won't go into effect until they get a chance to actually fight it out in court. So right now, the court has said the tariffs are illegal. Trump is looking for an emergency ruling to say, hey, don't implement that ruling until I'm done fighting it out in court, and then they're going to battle this out in court.

**Eric:** Now, in the meantime, Trump and through his spokespeople, have said that they're continuing to negotiate new trade deals with foreign countries, even though these tariffs have been ruled illegal. And the reason they're doing that is they have a strong belief that somehow, one way or the other,

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they're going to get their tariff rules through. And so they're continuing to do this as per business as usual, as far as renegotiating all these trade agreements. So that continues to go on as well.

**Lee:** So Eric, we've been doing our podcast now for a couple of months. This has been the topic at a lot of them, a lot, mostly because almost every week there's some major change. And yet, here's another one. Do you want to have a chance to revisit it all? Sort of that advice that you gave business owners at the beginning about what to do to prepare for these? Is there anything different that you would tell them, or is it sort of what you told them two months ago?

**Eric:** Yeah, I think it's the same as what we discussed a couple months ago, which is reviewing your supply chain and staying on top of the issue. So staying on top of it means that not you're checking it once a month, but that you understand how these tariffs are impacting your business on a regular basis, because these are going to make headlines now for at least the next week or two, as Trump tries to get this stay in and says, don't enforce this ruling and that the tariffs are still good, at least until they can fight over the loophole in court.

**Lee:** Right. So, it can be hard as a business owner to keep your eye on everything, all the news, everything that's going on in your business, your personal life. But what I'm hearing you say is, as far as tariffs are concerned, keep doing what you have been doing, hopefully, which is being proactive, understanding what's going on, and make sure that when changes come, you're ready for them, as opposed to sort of back on your heels.

**Eric:** Yeah, that's right.

## Tax Bill Hits Senate

**Lee:** Okay, great. Thanks for the update there. Let's jump right into our second segment, our ongoing second segment, which is going to be continuing to look at the tax bill. Again, changes since our last podcast last week. Eric, bring us up to speed on where we've come in the past seven days.

**Eric:** Yeah. So here we are with uh, following this tax bill, I kind of feel like we're, uh, following one of our kids through their trials and tribulations. Just you get to know them, and then you get an emotional attachment and now I have feelings for this tax bill, which passed the house now is in the Senate, and the Senate is comprised of 53 Republicans, 47 Democrats. All they need is a majority. And in fact, they just need 50, which is not a majority, it's half. They need half because the vice president holds the tiebreaker rule. So the Republicans have to hold together at least 50 votes to

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make this bill pass. And so they can only lose three senators to get down to 50. They're at 53 if they lose three, they'll have 50 votes.

**Eric:** Right now, they've lost four senators. So the senators that they've lost have brought up a couple concerns, and one of those concerns is the cuts to Medicaid and food stamps. There's a couple senators that just don't stomach that those cuts should be made. And then a couple other senators have brought up the cost. At current pace, this bill is scheduled to increase, the projection is, this bill is scheduled to increase the federal deficit by \$3.9 trillion over the next budget period. And so that is too much for some of the Republican senators that are backed out on that. So a total of four senators have either said no or they have strong reservations, and it's not believed that this current bill was will have the votes to get through the Senate.

**Eric:** So what that means is it's likely there's going to be some changes to this bill before it gets passed, and those changes, then, if approved by the Senate, would have to go back to the house for approval as well. So we're going to see some more back and forth here. And here's where my original projection of November 2 to get this tax law passed looked like it was on a fast track. It has definitely hit the brakes here in the Senate.

**Lee:** Okay. So Eric, when we've talked about this before, you talked about a lot of the things that were in that Big, Beautiful Bill that business owners might want to keep tabs on, what I'm hearing you say now is just who knows what's going to end up in there and what's going to end up on the cutting room floor.

**Eric:** Yeah, I think that's right. I think there's a lot that will still come through. It's going to be how much stomach they have, I think, at the end of the day, for raising the deficit and where they want to make the cuts at because if they take away the Medicaid cuts to get some senators on, that's going to increase the cost of the bill. If they reduce the cost of the bill, that might mean taking away some of these tax cuts or increasing the spending cuts even more. So there's a couple different ways to go here, but in its current form, it's not going to make it, and sometimes you never know what gets negotiated out.

**Eric:** It's probably a big flurry of season, seasoned work right now for lobbyists. Sure, every big group is on the phone right now, making sure that their piece of the tax law that they favor the most gets stayed, and the rest of it, they don't care about the rest of it, but they're probably lobbying for their piece right now. So it's definitely probably a busy time in Washington, DC right now, with dinners and

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banquets and fundraisers and hey, you know, we'd like to talk to you for a minute, and what is your contribution to the campaign get you for this? So a lot of that going on right now.

**Lee:** A lot of cigars being smoked and Whiskey, whiskey being sniffed. Eric, maybe let's talk about this a little bit selfishly, like we're a CPA firm, we work proactively with our clients to work on tax planning. What can business owners be doing with all these question marks to prepare for changes that they're not sure are coming? Like, how to how, what would you tell them to do? If it is indeed November 2 or September 15, or whatever it ends up being, what can they do in the meantime to make sure they're ready for that, knowing that there may not be a ton of time before the end of the year to actually implement some tax planning strategies?

**Eric:** Yeah, and some of the things you can do right now is you're almost running like a dual tax plan right now of, this is what it looks like under current law, here's some of the things we believe are going to be in here and you're trying to assess, from a maybe a probability standpoint, what things could look like and what would be safe bets now.

**Eric:** Now we do have a lot of time yet, because it's only it's, you know, June 1, basically. So we have a lot of time before decisions have to be made before year end. But the longer this goes in the fall, the more you want to have your plans and contingency plans in place to react if there is going to be a tax law and what's going to be within that tax law. And by the way, the longer this goes on, I think the more we'll understand what for sure is going to be in this tax bill, assuming that we do get a tax bill, period, and then what's most likely to be cut out, because those balloons will be floated. There'll be trial balloons floated to say, hey, what if we did this, and what if we did that? And so you'll start to see what could hit the cutting room floor.

**Lee:** Okay. So you heard it from Eric, work with your CPA, which was hopefully us, but work with your CPA to be doing some of that planning ahead of time talk about what, what those different scenarios could look like so you're ready. Again, similar to what we talked about with the tariffs. Be ready so you're not making reactive decisions, but you're ready to make moves based on the information provided at the time.

## What to Do With Amended Returns

**Lee:** Eric, let's move on to the mailbag. Our question this week is, let's see here: I just received an updated investment account statement in April, and it looks like some of the numbers have changed, but I filed my tax return in early March. What should I do?

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**Eric:** Yeah, and we've been seeing more of this. What happens is your investment in brokerage houses, they send out information at the end of the year that you have to report to the IRS. So not only do they send this information to you, they send it to the IRS. So rest assured, if you get something in the mail that's got the 1099 name on it, which is probably what this statement is, that information went to the IRS as well. The IRS matches those informations up. So if the IRS has information that doesn't match what's on your tax return, they're going to send you a bill.

**Eric:** Now, in this case, with the numbers changed, what you like to do is talk to your accountant and see what numbers have changed, see what the tax impact is on your tax return. And if there is a change to the tax you can file what's called an amended return. And an amended return is simply a correction of old data, where you can say, hey, when I first did my tax return back in March, now I'm going to update it with what is new information, and so I can electronically file that as well. Maybe if I electronically filed my first one, I can electronically file this one. It's a fairly simple process to go through, but you would want to do it, because if you don't, eventually the IRS could find it on their own. And then they're going to send you a bill. And when they send you a bill, it's going to include tax and interest, and they can put a penalty on it too.

**Lee:** And in that situation, Eric, if they send that back to you, do you still need to file that amendment? Or is that sort of, once you pay that, it's considered done and over with?

**Eric:** Yeah, you cannot do anything and once you pay that, it'd be considered done and over with. So that's the IRS just correcting it on your behalf. It just might cost more if they do so, because of the interest and penalty, and they might not correct it for a year, which means, if you own tax, if you owe tax to the IRS as of April 15, and they correct it next year, as of April 15, they're going to charge you interest for that full year. They go back in time to the original due date of the tax return.

**Lee:** Okay. Can you give us a sense of what does interest and penalty look like? I mean, not sure what this person's specific situation is, if it's a \$15,000 or \$500 change, but how does the IRS calculate that those taxes and penalties?

**Eric:** Yeah, and most interest and penalties. Interest is a standard rate by the IRS issued every month. That's about 7% right now. The penalty can be another half percent per month, so that's another 6% over the course of a year, so it could be a 13% interest rate.

**Lee:** Okay, great. Well, there you have it. Interesting to know. I think it's, to go back and amend. Doesn't sound like a terribly difficult process, and something sounds like you should work with your

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tax professional to do if you do get information that looks like you need to, you may need to amend. So thanks for answering that.

**Lee:** That wraps up this week's episode of The Biz Beat by SVA. So please make sure that you subscribe on Apple Podcasts, Spotify or YouTube, and share the show with someone who you think might find it helpful. You can also visit [sva.com/bizbeat](http://sva.com/bizbeat) to sign up to submit a question, and if you are one of the first 100 subscribers, you will be entered into our \$100 Amazon gift card drawing.

**Lee:** And as always, this podcast gives you general ideas and advice to think about, but your situation is unique, so talk to your advisor before putting any of these strategies into place. And if you don't have a good advisor, contact me. And let's talk about how we can make SVA your trusted advisor. Thanks again for listening. Eric, congrats again on the big promotion. Really excited for you, and hey everybody, we will see you next week on The Biz Beat by SVA.

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