

The Skinny
**January/
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Newsletter**



Marie Milo, CPA, MBA

CEO Now, LLC
1052 Franklin Avenue
Columbus, Ohio 43205
(408)785-7299

admin@pnnceonow.com

PNNCEOnow.com

*Accounting, Audits,
Bookkeeping,
Consulting and Taxes*



IRS The IRS has a backlog of unprocessed filings from the 2020 tax filing season. The Service is not timely responding to written correspondence from taxpayers or tax professionals who are representing their clients. It is also continuing to send out automated

notices stating that taxpayers who had mailed their returns, have not filed them.



Scammers Scammers are seeking preparers' electronic filing ID numbers. Preparers can avoid e-mail phishing scams from fraudsters asking recipients to verify their EFINs. Preparers should secure electronic devices with security software and use two-factor authentication and strong passwords. All sensitive emails should be encrypted. Preparers can view how many electronic returns were filed under their EFINs by going to their e-Services account and selecting EFIN Status under Application.

Taxes The legal marijuana industry is rapidly growing. Part of the appeal of legalizing pot was the potential tax revenue it would generate. States with legal marijuana have brought in over \$3 billion in revenues. High state and local tax rates in states such as California, Illinois and Washington are pushing many users to the cheaper black market. This is affecting the profits of legal sellers and growers.



U.S. Economy According to economic forecasts, the labor market will stay extremely tight in 2022. There are only 65 unemployed workers for every 100 jobs employers are trying to fill. The share of people out of work for six months or less who want a job is 2.7%, the lowest since 1953. The shortage of workers is partly due to the retirement of many older workers. Due to the housing shortage in many parts of the country, some retirees have sold their homes for a profit and are living off of those funds as well as their stock market funds. Additionally, millions of workers are not working either because of health concerns or childcare issues. However, as the pandemic fades more people will be getting back into the workforce.

Water The Biden Administration is planning to replace every lead pipe in the U.S. Up to 10 million U.S. homes, schools and care facilities receive their drinking water through lead pipes. Lead pipes are associated with many serious health problems. Congress recently passed a \$15 billion lead pipe replacement bill which will pay for this infrastructure project.

World Economy Global trade remains strong, even with supply chain-related problems. Crowded ports and pricey freight rates will continue to have challenges this year. Global steel demands are expected to increase slightly this year. The automotive sector accounts for 12% of

the global steel demand. Currently there is a shortage of automobile components which has slowed down production.

Covid-19 The Supreme Court has struck down the vaccine mandate for large employers. Its welcome news for some employers who are dealing with labor shortages. Many now want the courts to invalidate a separate vaccine mandate for federal contractors though large employers who want to require vaccination can continue to do so.

Tech Regs Lawmakers around the world are passing regulations relating to privacy and bias. Rapid AI (artificial intelligence) advances in technology which power consumer online products and services have created concerns about AI discrimination by gender, race and other protected classes. Many social media companies such as Facebook are increasing their spending on complying with the proposed AI regulations.

That's The Skinny for now!



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