

1 Business Restart for Small Enterprises

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4

5 **Abstract**

6 It is very important now to solve a lot of questions for development and resumption of activity
7 For small businesses. The state policy and the independent work of the company in the
8 direction of growth are very important.

9

10 **Index terms**— business reload, taxation, growth strategy.

11 Why a Long-term Strategy for Controlling Corona Virus ??s very Necessary?

12 awmakers at all levels of government should focus on deliberate and comprehensive strategies to clear a path
13 of the most economically harmful taxes that will prevent businesses and individuals from investing, creating jobs,
14 and lifting the economy out of its slumber.

15 To begin that process, below, we have identified an achievable menu of tax reforms at each level of decision-
16 making1 ? subsidies;

17 . Currently, our country and other countries have used a significant resources, governments at all levels are
18 considering the possibility of easing restrictions and returning to everyday life, as well as reducing the negative
19 economic effect of various kinds of restrictions.

20 A typical lawmakers answer is to "launch" or "stimulate" the economy. However, most measures are short-term.

21 Most leaders of various countries take shortterm measures. Among them are: ? tax benefits; tax vacation
22 pay; and infrastructure projects, for example, lower rents. Cash flow support has been provided through a mix of
23 tax and non-tax measures. Regarding non-tax measures, the most common instrument among OECD and G20
24 countries has been loan guarantee schemes, where the government guarantees all or part of the value of bank loans
25 granted to eligible businesses. Other measures have included small interest-free loans and cash grants. These
26 schemes typically target small businesses or businesses in the most affected sectors. Other non-tax measures
27 include the deferral of payments of non-wage business costs such as rent or interests (e.g. the Slovak Republic,
28 Sweden, and the United States).

29 1 <https://taxfoundation.org/coronavirus-economic-recovery/#11> One of the most important new tax credits
30 in the USA is the Employee Retention Tax Credit (ERTC), which has been designed to encourage businesses
31 to keep on employees. Businesses are eligible for an employee retention tax credit if business operations were
32 fully or partially suspended due to a COVID-19 shut-down order or if gross receipts declined by more than 50%
33 compared to the same quarter in the prior year. Eligible businesses can get a refundable 50% tax credit on wages
34 up to \$10,000 per employee. The ERTC credits can be taken against the employer's share of Social Security tax
35 but the excess is refundable. To speed things up, employers may choose to hold on to employment taxes that
36 would have otherwise been deposited 2 Changes to loss-offset provisions have been another important tax policy
37 tool. Some countries have introduced or have announced measures allowing loss carry-back for the 2020 tax year,
38 which will allow taxpayers to carry back their 2020 tax losses against profits earned in previous fiscal years (the
39 Czech Republic, Norway, Poland, and the United States) . In Russia for example is introduces credit for wage
40 but the sum of money of that credit is only 180\$.

41 There are also a number of cases where property tax payments have been deferred. More than a quarter
42 (28%) of OECD and G20 countries have also introduced measures to provide business taxpayers with additional
43 time to file tax returns. But history is showed that short-term policy has only a temporary effect on stimulating
44 the economy. Napoleon said: "Security and property can exist only in a country where the tax rate does not
45 change every year." But our tax legislation is constantly changing, taxpayers do not have time to get used to one
46 regulation, as it is being replaced by another.

47 At first the main problem of telecommuting comes for foreground.

48 Employers who are working in a remote format should be placed in the same tax regimes as entrepreneurs
49 and self-employed. It should also be noted that the employer does not have to spend a lot of time

3 III. WHAT'S BUSINESS IMPACT OF COVID-19?

50 reporting, because in relation to employees, even if they are remote, the employer spends considerable time
51 on reporting. <https://www.uschamber.com/co/start/strategy/coronavirus-legislation-and-small-business-taxes>
52 Secondly, workers have no interest in officially working on several jobs, the centralized single workplace is becoming
53 increasingly foggy in modern conditions. Neither the employee nor the employer have any preferences when fixing
54 part-time work.

55 The tax deferral does not mean that companies will cope with the situation by then, because in addition
56 to the tax burden, companies also have other expenses, such as expenses on rents, salaries, etc. Therefore, we
57 can expect an increase in the number of bankruptcies upon expiration of the deadlines for the transfer of tax
58 payments, as well as the resumption of tax audits against entrepreneurs and the company.

59 Another aspect of taxation problems is that companies currently do not have an incentive to hire employees
60 who were previously fired. Currently, such employees receive benefits from the state, but of course, economic
61 growth is possible when workers return to their jobs, medium and large businesses return to the same level that
62 was before the crisis. However, companies have no interest in hiring laid-off employees for several reasons. First
63 of all, companies cannot guarantee that the situation with coronavirus will not happen again, in addition, it is
64 necessary to restore work, but this can be done through civil law contracts.

65 The peculiarity of the current economic crisis is the drop in consumption, in fact for some time the final
66 consumer could buy only food and some services. When the economy experiences a recession associated with
67 the closure of shops, hotels, the manufacturing sector, consumption also drops sharply, and with it the state tax
68 revenues in the form of VAT.

69 There are two very important issues that will make it possible to "launch" the mechanism of economic growth
70 faster: ? Expansion and consolidation of broad investment incentives that will create new jobs; Development of
71 small businesses that are most exposed to risks due to the negative economic consequences of coronavirus.

72 As the COVID-19 pandemic continues and economic uncertainty remains, companies may experience resource
73 shortages. Nevertheless, tax compliance requirements still need to be met. Companies actively identifying
74 resource gaps and all the needed tasks to meet regulatory obligations (e.g. financial tax reporting and compliance)
75 will also need to establish a plan to fill those gaps. It is also important to ensure tax risk is continually managed
76 throughout the crisis to maintain proper tax governance and manage current and future tax controversy and
77 change in regulations. Companies should orient strategy on the main issues of modern tax policy.

78 1 II.

79 2 Strong Strategy of Taxation

80 Now many states have expended significant resources. Therefore, subsequently we can expect the use of a strict
81 tax policy.

82 We can see institute price controls; hike income, property and inheritance taxes; create new taxes like a
83 value-added tax (VAT) or financial transaction tax; or heavily invest in debt-financed infrastructure projects.

84 These may be on ice for now but they are about to return as soon as we get some control over the Covid-19
85 spread.

86 For example we can see increasing control for transfer pricing. Remember that:

87 ? Transfer pricing is an accounting practice that represents the price that one division in a company charges
88 another division for goods or services provided. ? A transfer price is based on market prices in charging another
89 division, subsidiary, or holding company for services rendered. ? However, companies have used inter-company
90 transfer pricing to reduce the tax burden of the parent company. ? Companies charge a higher price to divisions
91 in high-tax countries (reducing profit) while charging a lower price (increasing profits) for divisions in low-tax
92 countries 4 Another tendency is development of eCommerce transactions, selling products and services using
93 Internet. And we can expect the launch of VAT, especially for eCommerce transactions. And of course the
94 control will be very strong because today a lot of states have problems with eCommerce control.

95 Service businesses will likely seek to continue using Zoom and, if possible, transaction in more tax-favored
96 jurisdictions.

97 .

98 3 III. What's Business Impact of Covid-19?

99 Business leaders are laser-focused on navigating the immediate impact that COVID-19 has across liquidity,
100 supply chains, revenue and profitability. There is no playbook for this situation. The C-suite is reconfiguring
101 and readjusting its response in real time as events evolve rapidly.

102 Facing this challenge, executives are now changing their operating models. An unparalleled shutdown of
103 activity in many parts of the world has precipitated new actions, with more than half (52%) of respondents actively
104 taking steps now to change their current supply chain and more than a third (36%) accelerating investment in
105 automation. And the vast 4 <https://www.investopedia.com/terms/t/transfer-pricing.asp>. Naturally, the
106 restoration of the company will depend on many factors:

107 From the availability of financial opportunities; The possibility of remuneration.

108 **4 Strategy and brand**

109 As companies move from reacting to mitigating the impact of the outbreak, strategies to emerge stronger may
110 come in focus. What you can do now:

111 ? Consider accelerating digital transformations as the shift to remote working reveals gaps in IT infrastructure,
112 workforce planning and digital upskilling

113 **5 ?**

114 Protect growth and profitability through actions such as scenario planning, more frequent financial modeling
115 exercises to improve resiliency, and new models that incorporate economic impacts of past pandemics

116 **6 ?**

117 Take the pulse of your customers, thinking through longer-term considerations around shifts in core markets or
118 business models as a result of the pandemic In Russia, despite the presence of various kinds of crises, it does not
119 exist. of course, medium and large businesses must create strategic plans, as well as use the money that can be
120 used for strategic plans, payroll, rent and other purposes. And the thing is that in statistics a lot of companies
121 are closing. 1. If you offer the cinema something that interests him, in exchange for these tickets with zero costs,
122 and then add these tickets as a free supplement to your product, the product will have a new value. Yes, this
123 value will not be interesting to all buyers, but the essence of the example is clear. All the activities that you plan
124 to carry out to restore the economy of the company should be calculated.

125 **7 Table:**

126 During the crisis a lot of countries are working on measures to reduce costs, but such measures should not be
127 catastrophic for business.

128 **8 IV.**

129 **9 Cost Reduction Measures**

130 According to Bloomberg, 8 out of 10 small businesses fail within the first 18 months. While most entrepreneurs
131 focus on increasing sales, lowering expenses is equally important when trying to achieve or maintain profitability.

132 Variables that affect net profit margin can be controlled-or at least influenced-by business owners. Expenses
133 are arguably the easiest of the three: While you can't force your customers to spend more of their hard-earned
134 money, you can trim unnecessary costs ?? .

135 It is possible to start with the audit and diversification of suppliers, so if one supplier can bring the goods,
136 then you do not need to connect another, since the logistics costs when ordering from different suppliers may be
137 higher. In addition, of course, after exiting self-isolation, it is necessary to take an inventory, especially for those
138 goods that have reduced storage periods. For many companies, it will be necessary to recycle or sell at reduced
139 prices. At the same time, the sale of goods at reduced prices is much more profitable than disposal with loss.

140 In terms of reducing labor costs, it is advisable to consider the use of outsourcing. Outsourcing allows you to
141 save on taxes.

142 Heating and air conditioning aren't negotiable expenses.

143 At the same time, not only direct salary costs are reduced, but also the costs of organizing a workplace, rent,
144 utilities and many other costs. In the case of a repeat of the situation with self-isolation, it is enough to simply
145 refuse such services than from the services of a full-time specialist.

146 6 <https://www.moneycrashers.com/cost-cutting-ideas-small-business-expenses/> ? Check the effectiveness of
147 discounts and promotions. Not always they pay for themselves.

148 Quite a lot of companies currently spend large amounts of money on advertising and marketing. Literally
149 every six months, some advertising channels lose effectiveness, while others gain. Regularly audit your marketing
150 strategy and change it depending on the current situation. Pay attention to the following points: Check the
151 effectiveness of individual advertising channels. Invest in high conversion tools. Follow social networks. Some
152 of them become less popular with your target audience, others become more popular. Explore the channels
153 successful competitors work with. It is possible that you will find interesting ideas.

154 Unfortunately, a common mistake is the lack of an assessment of the effectiveness of a particular advertisement
155 and product, and the costs are often very high. And in the concept of cost reduction, it is important enough to
156 revise these costs as well.

157 Today it's clear that some companies spend significant amounts of money on training, coaching, business trips.
158 And budgets for various departments and divisions are often overpriced. Self-isolation mode showed that today
159 the future is in automation and effective remote control of work processes. There are online services that help
160 automate some processes. For instance:

161 ? One Two Trip (organization of business trips); special bots (appointment of interviews, meetings, meetings);
162 CRM (setting tasks within the team and when working with freelancers). In general, it is possible to solve a
163 number of issues in a remote format that companies were previously afraid to use. Of course, the question of
164 data protection arises, but this question is easily solved.

9 COST REDUCTION MEASURES

165 Overseas, they have been introducing lean manufacturing systems for quite some time, but here business
166 owners often considered the untimely, high ? ? ? ? cost of such solutions and, in the end, refused such offers.
167 Lean Manufacturing is the American name for the Toyota Production System. The creator of lean manufacturing,
168 Taiichi Ono, began the first experiments to optimize production back in the 1950s. In those postwar times, Japan
169 was in ruins the country needed new cars. But the problem that the demand was not so great as to justify the
170 purchase of a powerful production line, in the manner of Many different types of cars were needed (cars, light
171 and medium trucks, etc.), but the demand for a particular type of car was small. The Japanese had to learn to
172 work efficiently, creating many different models in conditions of low demand for each model. Nobody had solved
173 this problem before them, since efficiency was understood exclusively in terms of mass production.

174 Lean manufacturing involves involving each employee in the business optimization process and maximizing
175 customer focus.

176 The starting point of lean manufacturing is customer value. From the point of view of the end user, a product
177 (service) acquires real value only at the time when direct processing, manufacture of these elements takes place.
178 The heart of lean manufacturing is the process of eliminating losses. And today, after the end of the self-isolation
179 regime, it is very important to evaluate these losses and reduce them.^{1 2 3}

¹https://read.oecd-ilibrary.org/view/?ref=128_128575-o6raktc0aa&title=Tax-and-Fiscal-Policy-in-Response-to-the-Coronavirus-Crisis

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180 Strategic and tactical business directions 5.

181 **.1 Products**

182 and services 1. When purchasing power decreases, think about how to make the product more affordable. By the
183 way, this does not always mean that it should be cheaper, although the price in times of crisis, of is important.
184 2. Try switching to raw materials, if possible. But here you have to be very careful. If you reduce quality, notify
185 the customer and reduce the price. 3. If you provide services, try to break them down into components, stages
186 so that the total cost is divided into several amounts, each of which is small. In the descriptions of services, in
187 commercial offers do not summarize the total cost, large totals do not work well for customers.

188 6. Sales 1. In general, market demand may fall at least ten times. Your task is to prevent sales from falling
189 ten times not on the market in general, but specifically on your company in particular.