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Isaac M. O'Bannon • Sep. 30, 2013

As the possibility of a shutdown of the federal government looms, payroll and business services provider [Paychex, Inc.](#) has shared its insight on what such a shutdown could mean for small businesses across the country.

“While we don’t yet know the outcome of the debate, it’s important for small business owners to understand what they can expect if the government does shut down,” said Martin Mucci, Paychex president and CEO. “By working closely with the IRS and other government agencies, our compliance team at Paychex actively monitors these types of issues, and we’re here to help.”

Here are some examples of what a government shutdown could mean for America’s small businesses:

Taxes

- While the IRS would likely still be able to accept tax payments during a shutdown, some procedural changes to the submission process might be implemented. Small business owners should keep good records of their tax liabilities and be ready to react to possible temporary changes.
- Other filings may also fall by the wayside such as tax returns like the Forms 941 and 1099. In addition, the ability to negotiate tax abatements and other issues with the IRS would likely be delayed.
- For those small businesses just getting off the ground, they would potentially not be able to apply for an Employer Identification Number (EIN) for the purposes of

paying taxes.

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- Visa approval processes could also trickle to a stop, delaying the process of hiring employees outside of the country to work in the U.S.

General Implications

- Loans and other functions of the Small Business Administration intended to help spur small business growth could end for the duration of the shutdown.
- For small businesses that rely on revenue from federal government contracts, it may be time to do some belt tightening. Payments from federal contracts are likely to stop.
- Small businesses owners and employees who need to travel abroad on business may end up staying stateside as passport services will potentially come to a halt.
- Small businesses that cater to federal employees, especially in metro Washington D.C. and other areas with high populations of federal workers, could see a dramatic decrease in sales as the majority of federal workers will be home throughout the shutdown.
- Small businesses that rely on foreign tourism could see a drop as visa processing is delayed for visitors to the country.
- Those small businesses relying on visitor traffic from nearby national parks would see potential loss of business, as most such attractions will be closed.

Payroll • Small Business

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