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CERTIFIED PUBLIC ACCOUNTANT

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PORTAL SYSTEM:

For better security and access to your completed tax returns, I am using a portal system this year. You will receive an email preceding your tax returns explaining what to do.

The portal system also has the ability to sign the efile sheets electronically. This will be sent in a separate email. You can still print out and sign and return the signature forms the same as past years, but might want to take advantage of this easy new way.

- I have increased capacity to receive QuickBooks files through the portal system, let me know when ready and I can send you the link.
- I will put into the portal an engagement letter that needs to be signed and returned to me when the returns are finished.

LETTERS FOR BANKS AND UNDERWRITERS:

I have been requested numerous times for various letters to be written on client's behalf by banks and underwriters. They are asking for letters as to whether clients can withdraw money without damaging the business, letters to whether the company will continue to be profitable, letters as to whether the business in house statements are accurate. CPA's cannot write such letters. It's a problem in that it puts me in conflict with you the client and the bankers. Good, knowledgeable bankers do not ask for these kinds of representation, but some of the internet based mortgage business ask for all sorts of things!

On my website I have listed some details on these kinds of letters if you wish more information.

Unusual Items for 2023:

1. For 2024 there has been a new area of reporting called "The Corporate Transparency Act". I have attached an addendum relating to this. This is not an IRS issue, but as a corporation or partnership you have to report various data to the Financial Crimes Division of the government, same as the foreign accounts.

2. If your business had any foreign activity or accounts I need to know that so we can properly handle it. There is increased scrutiny for foreign activity and may require a form K2 and K3 to be prepared.

2023 INFORMATION:

- Congress has not made up it's mind for the second year in a row on any new tax law changes as of December 2023. I do not have a clear vision of what it will be, so we will all have to react when it is passed.
- The Code still requires the capitalization of R and D expenses. This applies even if you are not claiming the credit.
- The mileage rate changed for 2023 to 65.5 cents per mile due to the gas price hike.
- The 100% deduction for meals is expiring this year. Will be 50% for 2023.
- The bonus depreciation deduction is now 80% of qualifying assets instead of 100% as in the past.

Keep the following in Mind

- There are no longer tax free trade-ins of equipment. So if you trade in a vehicle, or piece of machinery, there will be a taxable event with the trade in value being the sales price.
- There was a landmark case passed concerning sales taxes to be collected in states where you may have sales but no physical presence (internet based mostly). Also with more people having remote workers in other states it's critical we talk about what states you might have to file in. **You should check with the various states you do business in to see what their rules are, It is not part of my tax engagement to do this.**
- There is no longer a deduction for entertainment. Most meals still qualify. I would refer you to IRS publication 463 (a copy of which is on my website).
- **For PPP loan, Eidl Loans, and Employee Retention credit the IRS and DOJ have said they will have the right the audit these for up to 10 years, so be sure and save your backup date for the loans and credits for this amount of time so you can prove the proceeds were used appropriately.**

REQUEST FOR SCANNED DOCUMENTS:

I would appreciate it if you could just send me scanned documents rather than originals, it's easier for both of us to manage. You can upload these through the portal system or I can send you a link.

WEBSITE:

Please refer to my website as listed above to get more information on tax laws, privacy policy, and other information.

www.wmtombakercpa.com

Tom Baker CPA

2024 Corporate Transparency Act Addendum

A new reporting rule goes into effect on January 1, 2024 requiring the filing of a special form directly online with the Financial Crimes Enforcement Network.

- Single member LLC's (even if filing Schedule C), multi-member LLC's, S corporations and C Corporations that are not exempt must disclose beneficial ownership:

- Within 90 days of formation of a new business in 2024; or

- By December 31, 2024 for companies that were in existence before 2024.

- Beneficial owner information includes full legal name, date of birth, residential street address and passport or driver's license image (picture). A beneficial owner is an individual owning 25% or more of the entity, as well as officers, board members and non-owner managers.

- Ownership **and address** changes will have to be reported within 30 days of occurrence.

- Penalties for non-compliance are \$500 per day and up to 2 years in prison.

There are very few exceptions for small businesses, and newly formed LLC's and corporations have the biggest exposure for non-filing. Make sure you tell us about any new entities you establish.

Please get this information together, add it to your calendar and make sure the forms are completed. I will not be responsible for filing these. There will be a website for this which will be available in 2024.