

November 2024 Business Tax Update

Following are some very important issues that all businesses should be sure to address. These issues can apply regardless if you are a Sole-Proprietor, Single Member LLC, S-corporation, Multi-Member LLC, Partnership or C-Corporation. If you would like to discuss any of these issue further, please contact the office and set up a time with Daniel or Andrew.

Corporate Transparency Act:

All businesses registered with the secretary of state are required to submit BOI (Beneficial Ownership Information) reporting to FinCen starting 1/1/2024. For businesses in existence by that date the filing is due by 12/31/24. For new businesses created after that date the filing is due within 90 days of registration. If you change reporting information about your business, you must file within 30 days of the change.

This is separate from the annual registration required with the Secretary of State.

This rule effects all business, including S-corporations, C-corporations, Partnerships, Multi-Member LLCs and Single Member LLCs.

Our office will NOT submit this report for you without discussion. If you would like our assistance filing this report we will need a signed engagement letter, completed worksheet and scanned copy of your driver license. Please contact the office if you would like our assistance. We are currently charging \$175 to submit the report. For some business entities we cannot file this form at all.

If you think we have already filed this for you, you should have a copy of the submitted form. If you do not please contact the office.

The penalties for failure to file currently sit at \$500/day late.

You should contact your attorney if you have any legal concerns regarding this reporting.

Form 5500-EZ for Single Member 401K plans:

If you have a single member 401K plan you are required to file form 5500-EZ starting the year the value in the plan hits \$250,000. If you feel you may have this requirement and would like our assistance filing this return please contact the office.

Reasonable Compensation:

If you are an S-Corporation you are required to pay wages to anyone who provides services to the business, this includes owners. These wages must be considered reasonable in the eyes of the IRS. It is important to be aware that the owners of the business are responsible for the wages paid by the business. If you would like to review or discuss the issues related to this please contact the office. If the IRS deems your compensation to not be reasonable, they can adjust your wages accordingly and there can be penalties and interest.

Retirement Plan Administration:

Please be aware that our office does not offer services related to retirement plan administration. It is the taxpayer's responsibility to maintain a current and up to date plan. If you have concerns regarding this issue you can contact the office and we can discuss who you should contact.

Office Hours – Non Tax Season:

The office is by appointment only during the non-tax season (June thru January). We do have a locked drop-box outside our office front door if you need to drop of information. If you need to stop by the office to pick up a return or for any other reason you will need to call and set up a time, or use our "make appointment" link at the bottom of our website (www.jacobsontax.com).

2024 Tax Projections:

This time of year is the best time to do projections and consulting for 2024. These can be useful to prevent penalties, even out tax payments and prevent surprises when the 2024 tax return is filed. Please contact the office if you would like to discuss this service.

Form 1099-K:

Starting with 2024, all merchant service providers are required to issue a form 1099-K to any business or individual that receives more than \$5,000 in payments during the year. This includes credit card companies, PayPal, Venmo and other merchant services. You may not get this form in the mail, it could be in your online account with the payment provider. If you receive one of these forms it is very important to include this information on your tax filing. Failure to do so could result in IRS notices and penalties.

Minnesota Secretary of State Annual Filing:

All separate entities (LLC's, Partnerships and Corporations) must file annually with the secretary of state office. If this is not done the entities will be considered "inactive" and could be "dissolved" by the secretary of state office. As part of your preparation services we attempt to determine if this filing has occurred when we prepare your return. If it has not, we do attempt to submit the annual registration on your behalf. Always remember to review your filing status to ensure your entity is not dissolved by the secretary of state.

We hope your summer went well, and that the holiday season is off to a great start. As always, contact the office if you have any questions on these issues, or any other issues that come up during the year.

Sincerely,
Jacobson & Young

Daniel T. Jacobson, CPA, MBT

Andrew Young, EA