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LLC and Corporation Owners—Avoid HUGE PENALTIES: New FinCEN Reporting Requirements

Financial crimes are on the rise, as is the use of certain entities for illegal practices such as money laundering and human trafficking. In order to make it easier to identify the owners of these companies, congress passed new legislation called the Corporate Transparency Act. This is a significant new requirement for all registered LLCs or corporations, including certain inactive LLCs. For LLCs or corporations in existence as of December 31, 2023, the government now requires that at some point during 2024 you file a beneficial ownership information report. Essentially this report tells the government who ultimately owns and controls the company. For new businesses in 2024 this filing is required within 90 days of the establishment of the organization. This is a one-time filing through the FinCIN reporting website, unless the beneficial ownership changes, such as when a business is sold.

Who must file?

Any business or business trust who established their business with paperwork filed through a state-level secretary of state or tribal equivalent. This includes LLCs, LPs, corporations, business trusts, and other companies. It does NOT include businesses whose only dealings with the secretary of state is establishing a DBA. Nor does this include 1040

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Walk In Tuesdays (St. Peters Office Only)

As always, Tuesdays are walk-in day for those who can't get an appointment (or just like watching the fish). Beginning on Tuesday, January 30th the doors at the St. Peters office will be open from 8AM to 7PM for walk-ins. We'll provide donuts for as long as they last, and coffee all day.

John has decided to back away from walk-ins this year. The new owner, Anna Griffin will be handling all walk-in Tuesday duties, as John used to. This is your opportunity to meet the new owner if you haven't already and are unable to schedule an appointment.

Personal Extensions

As we have done in years past, we are happy to file your personal extension. There is no charge for this service, however, we will not automatically file your extension. If you need an extension, call us or send us an email and we'll be sure to get it filed.

More Important Updates ➔

schedule C businesses, schedule F (or form 4835 rental) farms, or schedule E rental property owners who do not have an LLC.

Who is a Beneficial Owner?

There are two criteria to determine who the beneficial owner is. If an individual meets either one of the two, they are a beneficial owner and must file. The first criteria is if the individual exercises substantial control over a reporting company. The second is if the individual owns or controls at least 25% of the ownership interests of a reporting company.



This means that a company could have multiple beneficial owners. For instance, in a partnership with several owners, any who own or control 25% of the company must be reported as a beneficial owner. The same is true with an S-Corporation with multiple shareholders. Any shareholder who owns 25% or more needs to be listed on the report.

What is the Penalty for Failure to Comply?

Penalties are severe. Noncompliance carries a penalty of \$500 per day. Being late only five days would carry a potential penalty of \$2,500.

Confused about how this impacts you?

Preparers at Sederburg and Associates are ready to assist you with your filing requirement. We can help you determine if a filing requirement exists and if so, who the beneficial owners are who must be reported.

Save FIVE Dollars

Please bring in at least five non-perishable food items and we'll give you \$5.00 off your tax preparation fee. Last year over 1,000 items were donated to local food banks.

Save The Date

Important dates for this upcoming season:

Tuesday, January 2nd—St Peters office re-opens from holiday weekend

Monday, January 29th—O'Fallon and Wentzville offices open Monday through Friday

Saturday, February 3rd—O'Fallon and Wentzville offices begin weekend hours

Friday, March 15th—Last day to timely file partnership and S-corporation returns without extensions

Monday, April 15th—Tax day. Last day to timely file personal returns and calendar year C-corporation, trust, and estate returns without extensions.

Saturday, May 11th—Shred day at Sederburg

Monday, September 16th—Last day to timely file partnership and S-corporation returns on extension.

Monday, September 30th—Last day to timely file trust and estate returns on extension.

Tuesday, October 15th—Last day to timely file personal returns and calendar year C-corporation returns on extension

The IRS and Your Wallet

Changes for 2023 are much fewer than for 2022, they are still significant. The Inflation Reduction Act expanded energy credits for the home as well as electric vehicles.

The Residential Energy Efficient Property Credit has been renamed to the Residential Clean Energy Credit via the Inflation Reduction Act. In addition, the credit has been expanded to 30% of the cost to install qualifying electric, water heating, or temperature control systems powered through solar, wind, geothermal, biomass, or fuel cell power. In addition the credit has been extended through 2032 at the higher rate, but drops to 26% for 2033, and 22% for 2034. It expires completely in 2035. Check with your manufacturer to be sure your system applies before signing the contract.

Beginning in 2023, the new **Energy Efficient Home Improvement Credit** allows for a credit of 30% a homeowner's qualified energy efficient improvements. Unlike the old credit, new roofs no longer apply, however, air sealing insulation has been added. In addition, some portions of this credit and the Residential Energy Efficient Property Credit can be used on second homes, boats, and RVs, provided



they qualify as dwelling units, and have never been used for rental purposes. The total annual credit is \$1,200, but there are individual item limits such as \$600 for new windows or skylights or \$250 per exterior door up to a maximum of \$500. The credit is also good for up to \$150 for a home energy audit conducted by a certified auditor. In addition to these amounts, a separate portion of the credit allows for up to \$2,000 for heat pumps, biomass stoves and boilers. The credit amount must be reduced by any rebates or credits paid by third parties such as a utility company. This credit runs through 2032.

The new **Electric Vehicle Tax Credit**, part of the Inflation Reduction Act, brings back the tax credit for certain electric vehicles **effective in 2023** and running through 2032. The credit is limited to those earning less than \$150,000 (\$300,000 for married joint returns). The credit is for a maximum of \$7,500 on qualifying new EV's and up to \$4,000 for qualifying used EV's. These credits are not available for sales through private individuals, so be sure to check with your dealer. FYI, some EV's which had exceeded their sales allotment through the old credit, are once again eligible through the new credit.

Expanded 1099-K Program. Beginning in 2024, credit card processors and cash transfer companies such as PayPal, Venmo, Etsy, etc. must send out a 1099-K if the total transactions for an individual exceed \$5,000. When first announced, the IRS had set this limit at \$600, but late in 2023 they increased the amount to the current limit. For 2025, the limit is slated to decrease to \$600. These limits may be especially problematic for business owners who co-mingle business and personal funds on the same account or non-business taxpayers who regularly receive large reimbursements through one of the applications. Be sure to bring in the 1099-K if one is issued (you may need to check your account on-line as not every company mails them). Also, bring a list of all personal transactions included in the total.



Missouri State Tax Changes

The **highest percentage** at which any income is taxed has dropped to 4.95% for 2023 from 5.3% in 2022.

Missouri has a new tax credit called the **Missouri Working Family Tax Credit**. This credit offers

working families eligible for the federal earned income tax credit, an additional credit on their Missouri return in the amount of 10% of what they qualify for from the federal return. This is a non-refundable credit, so can only reduce tax to zero. Any excess can not be refunded or carried forward.

For business owners, Missouri has expanded the business income deduction to 20% of your net profit from a sole proprietor Schedule C, farm Schedules F and Form 4835, and both s-corporations and partnerships. This is up from 10% last year.

Coming in 2024, Missouri is increasing the maximum income limits for public pensions. Income limits to exempt some or all of social security income from Missouri income have been waived.

Also in 2024, Missouri's Intern and Apprentice Recruitment Tax Credit allows businesses that use interns and or apprentices a credit of up to \$1,500 if they meet all the criteria.

As always, this list may change at the whim of our elected officials, but is accurate as of the date this newsletter went to press. Check with your preparer for more information.

ID Theft PIN Update

The IRS announced this summer that taxpayers who began receiving their identity theft PINs prior to 2019 would continue to receive them in the mail. However, anyone entering the program in 2019 or later would need to go on-line to IRS.gov, log in to their IRS account, to get their PIN. If a taxpayer has not had their identity stolen but would still like to enter the program, they can sign up the same way.

Referral Drawing Winner

Congratulations to Thomas and Muriel Van Oordt, winners of our annual referral drawing—they took home a new 32" flat panel television. The Van Oordt's referred a friend to Sederburg and Associates and as a result received a \$20 reward at the time and were entered into the annual drawing.

Need a new TV for your Fan Cave? Maybe something for the three-season room? All you have to do to be entered is refer a friend to us. Every friend referred will earn you \$20 right away and an entry into the drawing. The more friends you send our way, they more chances you have to win.

Thank you, Thomas and Muriel for entrusting your friends to Sederburg and Associates.



From Anna's Desk

The last year brought many changes. I've officially completed my first full year as owner of Sederburg and Associates. Overall it went well, although not without some transitional growing pains, which were to be expected. We appreciate your patience with us as we worked through our issues while assisting you with your needs.

Thank you for choosing Sederburg & Associates for your tax preparation needs. The knowledge and experience of our accountants allows us to take great pride in the services we offer. Now, maybe more than ever before, it is so important to have a tax professional to reach out to. This year there are significant changes in the tax code—changes which im-

impact both home owners and business owns. Key legislation such as the Inflation Reduction Act altered the tax landscape yet again. We detail the most critical of those changes in this newsletter. If you're unsure how or if any of these changes impact you, either call us or come to your tax appointment armed with questions for your preparer. We have worked diligently to make sure our entire staff is current with all of these changes.

We understand how stressful tax time is for people. Our staff works hard to do everything possible to put you at ease. Please be sure to call us when you are considering financial decision that may impact your tax return. Things such as starting a new business, taking money from a retirement plan, converting a traditional IRA funds to a Roth, etc.

Also, don't forget that we have tax professionals on staff year-round to answer your questions, perform bookkeeping and payroll services, provide audit assistance, respond to IRS letters, complete returns from prior years, or offer tax planning for those facing retirement or other life changes.

My associates and I are looking forward to seeing you again this coming year. Thank you for trusting us with your business.

Many Happy Returns,

Anna

Anna Griffin, Enrolled Agent

Year End Tax Planning

Max out your 529 plan contributions— contributions are due by December 31st of each year. Missouri allows a deduction of up to \$8,000 per taxpayer each year for 529 plan contributions.

Have an RMD to take? Consider a qualified charitable distribution (QCD). The IRS allows taxpayers to make charitable contributions from their IRA RMD up to \$100,000 annually. Your broker arranges the gift and the charity acknowledges it. You get to reduce your taxable income by that amount, regardless of your ability to itemize. This is a great way to get around the high standard deduction if you are required to take an RMD.

If you can itemize, make your January mortgage payment in December and or make your January charitable gifts in December.

For business owners, consider making that capital expenditure in December instead of January.

Check with your preparer to see if these may help in your situation.

Procrastination Costs You Money

In many situations, waiting until your tax interview to confer with us can cost you money. Sometimes it can cost you a lot of money.

If a spouse dies, certain tax forms may need to be filed quickly, depending on the size of the estate.

If you receive a forced distribution from an employer's qualified retirement plan, some actions must be taken within 60 days.

Refunds will no longer be issued on returns filed more than three years from the original due date, with one exception.

IRS and state departments of revenue letters require responses within specified time frames. While often delays can be rectified, the expense to do so often grows exponentially.

Some tax planning elections must be made within certain time frames. Develop a habit of checking with your tax professional before starting your business, making capital purchase, or any decisions with tax implications.