



Dear Client

Another year winds down and another tax return needs to be filed. As always, we like to start with a few reminders of concerning areas we have for business operations. Our primary concern is the new Corporate Transparency Act (CTA) reporting requirement for 2024, for which we have attached an addendum at the end of this letter.

One area of increased tax exposure comes from an unexpected source: the internet. If you are selling goods or services out of state over the internet, or if you have employees working out of state you may need to file sales tax and/or income tax returns in those states. This is not something we normally prepare unless you tell us about out-of-state activity, so if this is going on in your business, please speak with us about out-of-state activity.

Finally, please let us remind you of these annual payroll reporting requirements:

- Employee personal use of company vehicles,
- Employer paid health insurance for employees for W-2 purposes,
- Employer paid health savings account deposits for W-2 purposes
- Employer paid childcare expenses for W-2 purposes,
- Employer paid education plans and term life insurance for W-2 purposes,
- Employer contributions to employee pension plans.

Special File Update Information:

1. Has there been a change in ownership this year? If so, please provide new owner identification information, dates, and percentages.
2. Have you opened or closed any locations this year-please provide that information as to physical address.
3. Please provide us with a list with information of your owner's email addresses and cell phone numbers.
4. Please provide us with your website address: _____.
Additionally, make sure you have considered sales and income tax registration, collection and filing requirements in other states.



Normal year end information needed for 2023:

1. ___ **Copies** of any new bank **loans** obtained during the year,
2. ___ **Copies** of any new **leases** signed during the year,
3. ___ List by date, amount and individual of any new investments made into the company this year by the owners,
4. ___ **Copies** of any federal or state **tax correspondence** received during the year,
5. ___ **Copies** of any **equipment purchase** invoices over \$500,
6. ___ Loan payoffs, by loan number, of all business loans at December 31,
7. ___ Copies of your year-end bank reconciliation(s) and bank statements,
8. ___ 12/31/23 Year End Balances of:
 - Accounts Receivable \$ _____,
 - Cost of Inventory on Hand \$ _____,
 - Accounts Payable \$ _____,
 - Unpaid 941 Deposit for December \$ _____,
 - Unpaid State(s) Withholding deposits for December \$ _____,
 - Unpaid Sales tax for December \$ _____,
 - Unpaid wages earned through 12/31/23 \$ _____
9. ___ The enclosed engagement letter needs to be signed and returned,
10. ___ Year-end summary of business activity-back up, online access or hard copy (Accounting software back-up, trial balance, etc.),
11. ___ Sales breakdown by state and city if applicable (Call us to determine),
12. ___ **Copies** of all 4 quarters **Form 941**, and 2023 **W-2**'s issued to employees.
13. ___ All Forms 1099-K, 1099-NEC and 1099-Misc received

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.