



December 18, 2023

Dear Business Clients:

As 2023 comes to an end, 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.

Mierendorf & Co PC Year End Packets with our engagement letter are being sent by mail or email. If you do not receive your business Year End Packet by December 29, 2023, please contact our office at 616-784-4445. Please sign the engagement letter and return it to Mierendorf & Co as soon as possible or ensure it is included with your records when they are dropped off or uploaded for return preparation.

Per IRS best practices, Mierendorf & Co PC's record retention policy is 7 years. This includes printed and electronic files.

(Continued on page 2)



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 gather your information, add it to your calendar and make sure this form is completed.

We value your business and thank you for the opportunity to serve your tax and accounting needs.

Bottom line, we improve yours!

Sincerely,

MIERENDORF & CO PC