



UNIVERSITY OF  
CENTRAL  
ARKANSAS

# Year-End Preparedness

PRESENTED BY RICHARD BELL, CPA, JD

## ERC Employee Retention Credit

▶ Have you received your email on automatic eligibility?

❖ Key Filing Dates

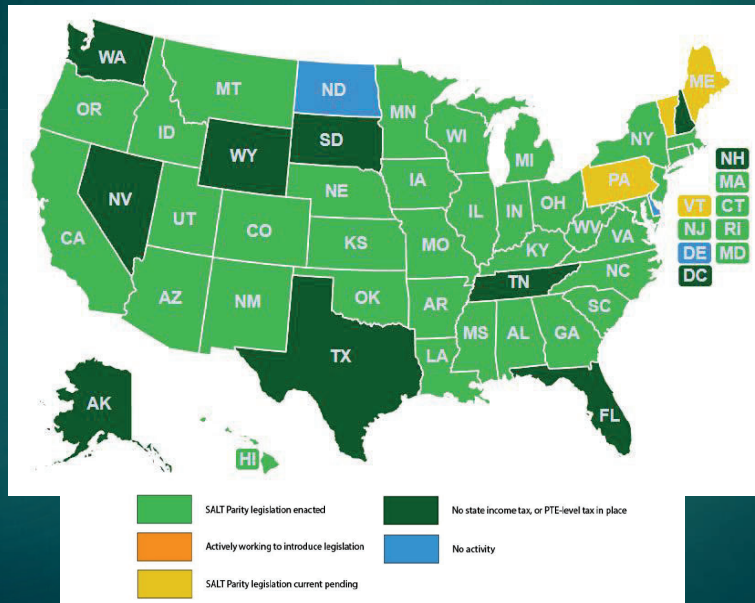
April 15, 2024 and April 15, 2025

❖ Eligibility

- Gross Receipts Comparison by Quarter (2nd, 3<sup>rd</sup> and 4th 2020); (1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> 2021) Compared to 2019 – Same Quarters
- Size of Firm <100, <500 2021. What if >500?
- Audit Risk – IRS Alerts, Delaware Corps., Large Fee Payouts!
- Filing of Amended Tax Returns 941's, 1040s, 1120s, 1065 – date sensitive.

# PET in USA

## Pass Thru Entity Tax



## Bonus Depreciation – Downward Trend

- ❖ 80% in 2023 and Will Reduce 20% Each Year 2024 and Thereafter
- ❖ Will Lead to Higher Taxable Income in 2023 and Thereafter
- ❖ Tax Estimates, Federal and State, Become More of a Quarterly Cash Flow Requirement – Due to Penalty/Rate and Non-deductibility
- ❖ Arkansas Section 179 – Good For \$1,000,000 and Write-off; to Offset Bonus – Federal, Since Bonus Not Allowed to State

# Corporate Transparency Act (CTA)

- ▶ Letter Dated 9/12/23

## Sunset Law – Ends in 2025

- ❖ Rates 37 to 39.6% - Partnership/S-Corporation; End of 2025, “C” Corp. Rate is 21% - Big Difference!
- ❖ End of Section 199 – Now – 37% to 30% (20% Deduction) on Rate Paid
- ❖ Election Federal 2024 – Will Decide if Laws – Revert Sunset – Study Party Platforms
- ❖ Change in Estate Exemption at Death – Now \$13 Million – Estimate X2 = \$26 Million Thru 2025 - Married
  - 1-1-2026 – Reverts to \$5 Million – X2 = \$10 Million
  - Gift and Trust Planning in 2024 and 2025

# Importance of Revocable Trust and Estate Plan

- ❖ Family/Employees/Govt Federal and State – Partners (Unintended) Lenders
- ❖ What Happens if You Do Not Show Up for Work Tomorrow?
- ❖ Talk – Discussion for Another Day

# Charles G. Moore and Kathleen Moore vs. United States of America

**QUESTION PRESENTED**

The Sixteenth Amendment states that "Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration." U.S. Const. Amend. XVI. In 2017, Congress passed and President Trump signed the Tax Cuts and Jobs Act (TCJA), Pub. L. No. 115-97, Div. I, 131 Stat. 2054. The TCJA included a one-time tax, which petitioners call the mandatory repatriation tax (MRT), to offset other tax benefits provided in the statute. The MRT increases certain income of a U.S.-taxpayer-controlled foreign corporation (CFC) in 2017 by the CFC's "accumulated post-1986 deferred foreign income." 26 U.S.C. 965(a). Under the MRT, a U.S. shareholder owning at least 10% of a CFC may owe a one-time tax due to his obligation to "include in his gross income \*\*\* his pro rata share" of the CFC's relevant "income for such year." 26 U.S.C. 961(a)(1)(A). The question presented is:

Whether the MRT is a "tax" on incomes, from whatever source derived," U.S. Const. Amend. XVI, within the meaning of the Sixteenth Amendment.



## Contact Info

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November 16, 2023

The Honorable Chuck Schumer  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Hakeem Jeffries  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

Dear Majority Leader Schumer, Speaker Johnson, Minority Leader McConnell, and Minority Leader Jeffries:

The undersigned organizations, representing millions of small businesses operating in every state and community across the country, join the American Institute of Certified Public Accountants (AICPA) and strongly urge Congress to delay implementation of the beneficial ownership reporting under the Corporate Transparency Act (CTA) by one year.

The CTA requires the submission of regular reports to the federal government identifying the beneficial owners of businesses and other legal entities. The stated goal is to target shell companies used in illicit financial transactions, but the new law defines the targeted entities as those having 20 or fewer employees and under \$5 million in revenue. In other words, not just shell companies but nearly every small business in America.

The scope of the data collection is beyond anything the Federal government has ever attempted outside of the Tax Code. Covered entities will be required to provide the personal information of their so-called beneficial owners – owners, board members, senior employees, attorneys, etc. – and then constantly monitor the information to ensure it is current. The Financial Crimes Enforcement Network (FinCEN) expects to receive more than 32 million separate reports in 2024, with an additional five to six million filings each year thereafter.

Despite this unprecedented challenge, FinCEN is simply not ready. Of the three primary rules necessary to implement the new law, only one has been completed, the second is still at the “proposed” stage and needs to be finalized, while the third has yet to be released even as a proposed rule. FinCEN’s leadership has assured Congress they are ready to go starting next year but that is clearly not the case.

Meanwhile, FinCEN is woefully behind when it comes to educating stakeholders of their new obligations. A National Federation of Independent Business survey found that 90 percent of respondents were entirely unfamiliar with the reporting requirements. The CTA includes civil and criminal penalties of up to \$10,000 and two years of jail time for failing to comply, so this lack of awareness is alarming and needs to be addressed before the law is implemented.

A year's delay will provide FinCEN and the business community with more time to educate owners of their new obligations. It will also give Congress and FinCEN time to review the new rules to ensure they are successful. As the AICPA noted in its letter, FinCEN has significantly underestimated the cost burdens associated with the new reporting regime, it has relied on vague and arbitrary standards in laying out the criminal and civil penalties under the statute, and it has implemented filing deadlines for newly-formed entities which in some cases are impossible to meet. All these shortcomings need to be addressed.

We strongly urge Congress to act now and delay implementation of the Corporate Transparency Act by one year. Doing so will give FinCEN sufficient time to improve and finalize the statute's regulatory framework while giving stakeholders time to prepare for their new compliance obligations.

Sincerely,

Air Conditioning Contractors of America  
American Building Materials Alliance  
American Council of Independent Laboratories  
American Rental Association  
American Subcontractors Association  
American Supply Association  
Associated Equipment Distributors  
Associated General Contractors of America  
Community Associations Institute  
Energy Marketers of America  
FCA INTERNATIONAL  
Foodservice Equipment Distributors Association  
Forest Resources Association  
Forging Industry Association  
GAWDA  
Global Cold Chain Alliance  
Hardwood Federation  
ICSC  
Independent Bakers Association  
Independent Electrical Contractors  
Industrial Fasteners Institute  
International Housewares Association  
Main Street Employers Coalition  
Manufactured Housing Institute  
Manufacturer & Business Association  
Marine Retailers Association of the Americas  
Metals Service Center Institute

Nareit  
National Association of Convenience Stores  
National Association of Sporting Goods Wholesalers  
National Association of Wholesaler-Distributors  
National Community Pharmacists Association (NCPA)  
National Cotton Council  
National Federation of Independent Business (NFIB)  
National Insulation Association  
National Marine Distributors Association  
National Ready Mixed Concrete Association  
National Roofing Contractors Association  
National Tooling and Machining Association  
National Waste & Recycling Association  
National Wooden Pallet & Container Association  
NEMRA (NATIONAL ELECTRICAL MANUFACTURERS REPRESENTATIVES ASSOCIATION®)  
New Mexico Farm & Livestock Bureau  
North American Association of Food Equipment Manufacturers (NAFEM)  
Oregon Cattlemen's Association  
Outdoor Power Equipment and Engine Service Association  
Pet Industry Distributors Association  
Plumbing-Heating-Cooling Contractors--National Association  
Precision Machined Products Association  
Precision Metalforming Association  
Private Investor Coalition  
Rocky Mountain Agribusiness Association  
S Corporation Association  
Small Business & Entrepreneurship Council  
Society of Collision Repair Specialists (SCRS)  
South Dakota Trust Association  
Specialty Equipment Market Association (SEMA)  
Subchapter S Bank Association  
The Association for Hose and Accessories Distribution  
The Fertilizer Institute  
The Real Estate Roundtable  
The Transportation Alliance  
Tile Roofing Industry Alliance  
Tire Industry Association  
Wholesale Florist & Florist Supplier Association  
Wine Institute  
Wood Machinery Manufacturers of America  
Workplace Solutions Association  
Wyoming Stock Growers Association