

TaxBrief

Keeping you informed

2024 Year-end



QUESTIONS: Call Valerie Underwood, EA.
949-238-2546

valerie@lagunataxgroup.com

The end of the year is always a good time to review recent changes to the federal laws and regulations that could impact you and your business. To help, we have compiled a short breakdown of recent tax and other items that we believe you should be aware of as we look ahead to 2025.

BOI reports must be filed by Dec. 31

Businesses formed prior to 2024 that are required to file beneficial ownership information (BOI) reports with the Financial Crimes Enforcement Network (FinCEN) must do so by the end of the year.

Businesses formed during 2024 that met the filing requirements had 90 days to file their initial BOI report, but businesses formed during 2025 or later will only have 30 days to file.

Who must file?

Under the CTA, **most entities that are formed by filing with the secretary of state must file a BOI report with FinCEN.** *This includes most C corporations, S corporations and limited liability companies (LLCs).* Foreign companies must register if they have registered to do business with the secretary of state or similar state office.

Most 501(c) nonprofits are not required to file reports, but other types of nonprofits may be required to file. Other entities that are exempt from filing reports include large companies, banks, securities dealers or brokers, insurance companies and inactive entities.

Who is a beneficial owner?

A beneficial owner that must be named in a BOI report is an individual who either directly or indirectly:

1. Exercises substantial control over the reporting company
2. Owns or controls at least 25% of a reporting company

Penalties for non-filers

The maximum civil penalty for willfully violating BOI reporting requirements is currently \$591 per day. A person who willfully violates the requirement may also be subject to a criminal penalty of up to two years in prison and a \$10,000 fine.

Hot off the press: Court orders nationwide BOI injunction

A federal district court in Texas issued a nationwide preliminary injunction against enforcing the beneficial ownership reporting requirements mandated by the Corporate Transparency Act (CTA). (Texas Top Cop Shop v. Garland (December 3, 2024))

The court ruled that Congress exceeded its authority in enacting the CTA, resulting in an unconstitutional infringement on states' rights to regulate businesses. The court granted a nationwide injunction prohibiting FinCEN from enforcing the January 1, 2025, reporting deadline for all reporting companies.

The opinion was issued on December 3, 2024, and will likely be appealed. However, for now, businesses do not have to file beneficial ownership information reports with FinCEN.

We will continue to update you as news develops on this issue.

Reminder: Upcoming due dates

12/31/2024	RMD (Required minimum distributions) have to be taken
1/15/2025	2024 Q4 Estimated Taxes due
1/31/2025	Filing deadline for submitting W-2 and 1099 forms (as a business owner)
3/15/2025	Taxes due for Partnerships, S-Corps
4/1/2025	RMD due if you turned 73 in 2024
4/15/2025	Personal Income tax returns due
4/15/2025	Last day to make qualified IRA and HSA contributions for 2024
4/15/2025	Last day to file an Extension to File
4/15/2025	2024 tax payments due
4/15/2025	2025 Q1 Estimated Taxes due

Employer-provided student loan benefits

Employers that want to help their employees with their student loan bills have two tax-advantaged options available:



1. Student loan matching. Provisions in the 2022 SECURE 2.0 Act allow sponsors of 401(k) or similar retirement plans to provide matching contributions based on eligible student loan payments made by participating employees instead of matching contributions to the retirement plan. Sponsors of 401(k), 403(b), SIMPLE IRA or governmental 457(b) plans have been permitted to make the matching contributions as of Jan. 1, 2024.
2. Educational assistance for student loans. Employers may use their educational assistance programs to pay the principal and interest on an employee's qualified education loan through the end of 2025. After that time, the programs may only be used to pay for an employee's books, equipment, supplies, fees, tuition and other education expenses.

Tax Debt Problems:

Beware of predatory OIC mills

You have probably heard ads on the radio or seen ads on social media where a business claims it can settle your tax bill for pennies on the dollar and wondered how they can do that. The truth is that these ads are often placed by unscrupulous promoters who charge high fees to submit offers-in-compromise (OICs) to the IRS to settle a tax bill. What those advertisements fail to tell you is that the IRS often rejects the OICs, but the promoter keeps their fee, regardless of the outcome.

The IRS is warning taxpayers about these unscrupulous "OIC mills" that sell their services to unsuspecting customers. OICs are a legitimate tool for taxpayers to reduce their tax bills in limited situations where they can prove they are unable to pay the full amount due, but the IRS only accepts an offer when the taxpayer can prove that they truly can't pay or work out a payment arrangement.

If you have an unresolved tax bill that you are unable to pay, please contact us for help. We can review your financial situation to see whether you really are a candidate for an OIC. If not, we can often work out another payment arrangement with the IRS to resolve your tax bill.

Received a Letter from the IRS or State Taxing Authority?

As a reminder, **please upload all pages of any letter or notice received from a taxing agency to your Client Portal, as soon as possible.** Some letters may be simply reminders, while others may need to be responded to.

My firm now handles IRS representation services which include: **Penalty Reduction, Offers in Compromise, Payment Plans, Financial Hardship Plans, Wage Garnishment/Bank Levy Releases, Federal Tax Liens, Audits and IRS Appeals.**

We'll listen to your IRS difficulties in our office in complete confidence at NO CHARGE. We'll answer your questions, explain your options and suggest solutions and provide you with a written estimate of our fees to permanently resolve your IRS difficulties.

New Form 1099-K reporting requirements postponed again

Beginning in 2022, third-party settlement organizations (TPSOs) like PayPal, eBay, Etsy and Venmo were supposed to begin issuing Forms 1099-K, *Payment Card and Third-Party Network Transactions*, if an individual received \$600 or more in payments. Prior to the implementation of the rule, TPSOs were not required to issue Forms 1099-K unless a taxpayer received over \$20,000 and had more than 200 transactions. However, the IRS postponed implementing the new lower threshold until the 2023 tax year. Then in late 2023, the IRS announced it was postponing implementation of the \$600 threshold until the 2025 tax year and 2024 would be a transition year. **For 2024 returns, the threshold for issuing Form 1099-K will be \$5,000.**

Despite the IRS postponing the \$600 threshold until the 2025 tax year, some taxpayers are still being issued the form based on it. Remember, if you have received a Form 1099-K from a TPSO, you must include it in your income for the year, even if the TPSO was not required to issue it. Failure to do so can result in letters from the IRS.

Employers may now offer pension-linked emergency savings accounts

Employers have been able to offer pension-linked emergency savings accounts (PLESAs) to non-highly compensated employees since Jan. 1. These are short-term savings accounts that, when offered within a defined contribution plan, let employees who meet the plan's eligibility requirements to draw from their accounts without incurring tax penalties or reducing their retirement savings. PLESA contributions must be Roth contributions made on an after-tax basis and are limited to a maximum balance of \$2,500, but employers can choose a lower maximum balance. If the underlying defined contribution plan has an employer match, the PLESA contribution must be eligible at the same rate. Funds may be withdrawn up to once a month at the discretion of the participant and no evidence of hardship or an emergency is necessary.

Updates to your Client Portal

We have been busy making the client portal your one stop shop for everything that you need.

Need a Phone Appointment, Upload documents, or Send a New Chat? Simply click directly from the Home page. Use the Taxdome mobile app to receive notifications and to easily scan and upload .pdf's directly into your account!

Quick links

-  Upload documents
-  Book appointment
-  New chat

Download mobile app

Download the mobile app to upload and sign documents, send messages, pay bills and more — all in one place



Your trusted partner in financial success

In today's complex financial world, having someone you can trust by your side is invaluable. While some ads may suggest breaking up with your tax preparer, there's a lot at stake when it comes to your financial future — not just during tax season but all year long. Our firm is here to be more than a seasonal resource. We're committed to being a partner who genuinely understands your unique financial situation and helps you plan for the future.

Expertise you can trust

The tax world can be confusing, but that's where we come in. Our firm stays on top of changing regulations to ensure you're always compliant and making the most of your return. When questions arise — whether from the IRS or due to new tax code changes — you can rely on us to represent your interests with care and precision. Our goal is to give you peace of mind, knowing you have someone who understands your financial situation and is advocating for you.

Additional questions or tax concerns?

If you have any questions about any item in this newsletter or any other tax matter, please feel free to contact us. We are here to help.