

# LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



## SPECIAL POINTS OF INTEREST:

- More reporting requirements for business owners
- 1099-K update
- You're not failing, you're complacent
- Referrals
- Reminders

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# Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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## What You Need to Know About Reporting Beneficial Ownership Information

The Corporate Transparency Act (CTA) was enacted as part of the National Defense Act for Fiscal Year 2021. The CTA mandates that millions of entities report their beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN). This article is meant to provide a preliminary overview of the provisions in the CTA and answer questions that you may have regarding compliance.

At its core, the CTA is a mechanism to deal with issues related to "dirty money" – i.e., guarding against money laundering, terrorism financing, and other forms of illegal financing – as well as the general lack of beneficial owner (i.e., "true owner") information with respect to many domestic entities.

Tax evasion, corruption, and money laundering are crimes made easier through the misuse of legal entities such as corporations, foundations, partnerships, and trusts. With the use of complicated chains of ownership across many jurisdictions, the identity of the true beneficial owner of the assets, the true purpose of the assets, and/or the origin of the funds or assets can be hidden. From a tax perspective, knowing the identity of the natural persons behind entities helps a jurisdiction such as the United States preserve the integrity of its tax system.

The CTA requires "reporting companies" to file with FinCEN reports that identify a company's beneficial owners, as well as information about the company applicants. The CTA applies to entities either created through a U.S. state filing or formed under the laws of a foreign country and registered to do business in the U.S. For example, LLCs, LLPs, corporations, and business statutory trusts are entities for which laws in each state require the filing of a document with the applicable state office, such as the Secretary of State, to establish their existence.

There are exceptions to the definition of a reporting company. The regulations make it clear that entities that are created without the need for a state filing document such as sole proprietorships, general partnerships, living trusts, and irrevocable trusts are excluded and do not have to report beneficial ownership information to FinCEN. There are also categorical exemptions for other entities including banks, bank holding companies, credit unions, publicly traded companies, insurance companies, public accounting firms, public utilities, and certain tax-exempt entities. Large operating companies with more than 20 U.S. employees, a physical U.S. office, and more than \$5 million in gross receipts or sales in the U.S. are also exempt.

The reporting company is obligated to report requested information on the beneficial owners of the company itself, which will typically be done by one or more of the company officers. A "beneficial owner" includes the following: (1) people with substantial control, (2) people with ownership interests, whether direct or indirect, of at least 25% of the company's equity interests, and (3) company applicants (if formed or registered after December 31, 2023). The CTA requires a beneficial owner to be a human being, so if the reporting company is owned by another company, it must look through that company to the human beings that own it.

FinCEN requires the reporting company to disclose the following information about the beneficial owners:

1. Their name,
2. Birthdate,
3. Residential address,
4. And a unique identifying number and issuing jurisdiction from an acceptable identification document (and an image of the document).

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## What You Need to Know About Reporting BOI —*continued from page 1*

These documents include a valid driver's license or government-issued ID, which includes a U.S. passport. If you don't have any of those, your reporting company can use the ID number from a non-expired passport issued by a foreign government.

If there is any change to the required information about the company or its beneficial owners, the reporting company must file an updated BOI report within 30 days of the change. Examples of changes which would require an updated report include:

- Any change to the information reported for the reporting company, such as registering a new DBA.
- A change in beneficial owners, such as a new Chief Executive Officer, a sale that changes who meets the 25% ownership interest threshold, or the death of a beneficial owner.
- Any change to a beneficial owner's name, address, or unique identifying number provided in a BOI report such as a cross state move which would mean a new address and a new driver's license number.
- A beneficial owner that was a minor child reaches the age of majority.

Like the initial BOI report, updates must be filed electronically through FinCEN's secure filing system.

A reporting company created/registered before January 1, 2024, must file its initial BOI report by January 1, 2025. A new entity created/registered after December 31, 2023, must file within 30 days (90 days during 2024).

The CTA is not part of the tax code. Instead, it is part of the Bank Secrecy Act, a set of federal laws that require record-keeping and report filing on certain types of financial transactions. Under the CTA, BOI reports will not be filed with the IRS, but with FinCEN, another agency of the Department of Treasury. As such, it is not clear whether we, as CPAs, could assist you with the BOI reporting requirements because it could constitute the "unauthorized practice of law."

**Therefore, you have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership information. Lindsey & Waldo shall have no liability resulting from your failure to comply with CTA. Information regarding the BOI reporting requirements can be found at <https://www.FinCEN.gov/boi>. Consider consulting with legal counsel if you have questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.** ✖



## BENEFICIAL OWNERSHIP INFORMATION

### \$600 Form 1099-K Reporting Threshold Delayed Again

After facing pushback from the tax community and third-party payment facilitators, the IRS again delayed the effective date of the \$600 threshold for Form 1099-K. The current \$20,000 (and over 200 reportable transactions) reporting threshold will remain unchanged for 2023. The IRS announced that it will instead phase in the \$600 threshold established by the American Rescue Plan Act of 2021 beginning with a \$5,000 threshold in 2024.

"We spent many months gathering feedback from third-party groups and others, and it became increasingly clear we need additional time to effectively implement the new reporting requirements," said IRS Commissioner Danny Werfel. "Taking this phased-in approach is the right thing to do for the purposes of tax administration, and it prevents unnecessary confusion as we continue to look at changes to the Form 1040. It's clear that an additional delay for the tax year 2023 will avoid problems for taxpayers, tax professionals and others in this area."

The complexity in distinguishing between transactions that require a Form 1099-K and those that do not was a factor in the IRS's decision to delay the reporting requirement change and to phase in the implementation. ✖

### Looking for Someone You Can Rely On?

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.

- ◆ Custom Monogramming & Embroidery
- ◆ Licensed Professional Counselor
- ◆ Welding Supplies
- ◆ Realtor
- ◆ Signs
- ◆ Office Furniture
- ◆ Insurance
- ◆ Wedding Venue
- ◆ Printer
- ◆ Mortgage Broker
- ◆ Banker
- ◆ Attorney
- ◆ Heating & A/C Repair
- ◆ Financial Advisor
- ◆ Business Coach
- ◆ Veterinarian
- ◆ Home Inspector
- ◆ Payroll Processing



## Exciting Service Changes & Reminders for the New Year

You asked and we listened! In an effort to better serve you and streamline our processes, we've made a few changes to our systems and procedures, and others are back again.



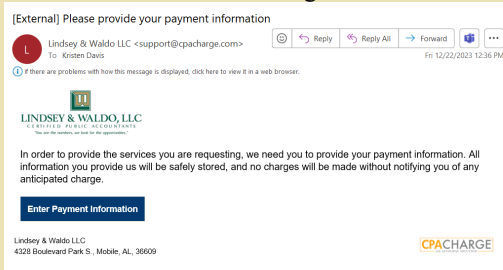
### CPACHARGE

AN AFFINIPAY SOLUTION

For several years now, we have accepted online payments using CPACHarge. We're moving to utilize this system for more of our invoicing and billing procedures.

#### CPACHarge Card Vault:

For our clients who choose to have us retain their payment information on file, we will be sending an email requesting your payment information to be added to CPACHarge's secure "Card Vault". This will prevent your information from being stored on any paper format. The email will look similar to this:



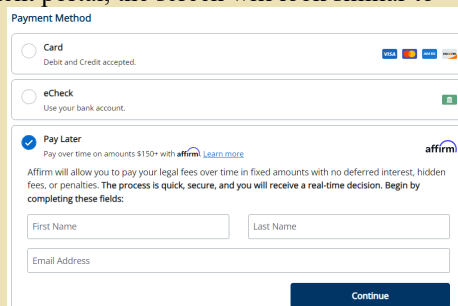
#### CPACHarge Email Invoices:

Many of you have requested to receive your invoices via email. In the past, we have sent the emails through CPACHarge, but sometimes they get overlooked. We have then mailed a paper copy of the invoice, or emailed through alternate channels. In order to streamline our process, we will be sending invoices through CPACHarge exclusively, unless you specifically request a paper copy to be mailed. If you would still like to mail a paper check to our office, but receive invoices via email, that is still an option. The email will look similar to this one, and will contain a link to the invoice and payment button.



#### CPACHarge Payments:

We like CPACHarge because it offers you the flexibility to pay how and when you would like for all of our services. When you utilize the online payment portal, the screen will look similar to this:



As you can see, it offers Card, eCheck, and Pay Later options. If you need to make payments for our services, the Pay Later option is the way to go.

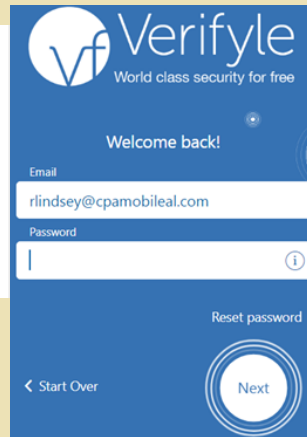
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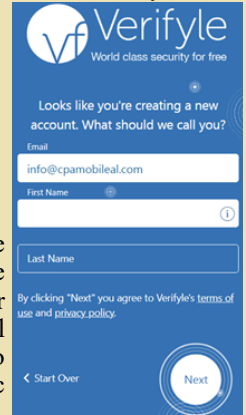
#### Verifyle – Secure Online Portal

Back again this year, is our secure, online portal—Verifyle. We use this to receive and send your tax information—securely.

If you haven't used this system before, you will receive an email from us with links to sign in and view our messages. The initial sign on screen will look similar to the graphic to the right:



If you have used it in the past, your screen will look similar to the graphic to the left.



The password will be something you created. If you don't remember your password, you can easily reset it from this same log-on screen.

If you would like to submit all of your documents electronically. If you elect this method, please contact us to request a current year workspace be established, and then notify us of the completed upload, so we can ensure your information isn't inadvertently overlooked.

#### Digital Tax Return Copy

Often times, clients have told us they aren't interested in having paper copies of their tax returns they have to store for years. If they ever need their tax returns for bankers, financial aid, or other situations, they have to dismantle the provided paper copy, scan it, and send it, or contact our office to request we provide them with another copy—either digital or paper. We are going paperless only, unless you specifically choose to receive the paper format, or both paper and digital formats. We will upload the final digital copy of your return in your Verifyle portal.

Again, all of these changes are designed to make tax time, and every time, easier for **YOU**. If you have any questions about the changes mentioned here, feel free to reach out to our office. You can also submit suggestions for improvements any time.

We look forward to working with you again this year, and hope you find these upgrades favorable. ✧



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NEW YEAR!!  
2024

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(251) 633-4070 or [info@CPAMobileAL.com](mailto:info@CPAMobileAL.com).

## THE KEYS FOR SUCCESS IN 700 WORDS OR LESS

The New Year is here. It's time to think about goals, right? We all know that most New Year's resolutions are broken within a few weeks, if not days. So, what's the difference between a New Year's resolution and goal setting? And why is goal setting important?

I've studied a lot about goal setting. I've read *The New Psycho-Cybernetics* by Maxwell Maltz. I've read Tony Robbins, Brian Tracy, Ivan Misner, and others. Volumes have been written about goal setting, but precious little actually implemented.

According to one study, only 3% of adults write down their goals. If it's not written down, however, it is not a goal, it's just a wish. The evidence is out there for all to see. Numerous studies have reported that successful people make written goals. Those who don't, however, can't fathom how that could possibly be THE factor that makes a difference in being successful or not.

I'm not able to explain why it works, why it makes such a difference, but I accept that it does.

Study successful people and one of the first things you discover is that, without exception, they have a passion for what they are successful at. Without passion, without a love for the activity, whether that be sports, politics, religion, or business, you will not be able to sustain the drive necessary to carry you through the inevitable adversity to success.

Napoleon Hill used the term "magnificent obsession." Earl Nightingale referred to it as a "burning desire." Whatever you want to call it, it is so important that, without it, nothing else matters. But it is insufficient alone.

Entire books have been written about success by people much smarter than I. But to boil it down for you, the next criterion for success is belief. You must believe in yourself. You must be able to see yourself accomplishing your goal. We often don't know, when we start the journey towards success, exactly how we are going to achieve it. Earl Nightingale used the example about a ship captain sailing

from one port to another. For fully 99% of his journey the captain can't see his next port of call. But he knows what actions he must take; what systems he must use; what feedback he needs to receive in order to make course corrections so that he will indeed arrive safely at his next port of call.

We must visualize ourselves as being there now. We must be clear about what the goal is. We must be focused on its achievement. If the captain wasn't clear about his next port of call, he would likely sail around in circles or end up crashing on a reef somewhere.

One of the best ways to get this clarity is to write your goal as if you've already accomplished it. For instance, if your goal is to earn \$250,000 per year, you might write your goal like this:

It is 2024, and I am earning \$4,800 per week by providing such and such product or this and that service to my customers/clients/patients.

Your goal must be written in the affirmative and must be written as if you've already accomplished it at a given point in time. It needs to be specific and written in such a manner that you can gauge your progress toward that goal. You need to be as specific as possible about your behavior, about the actions you need to take to be successful. It's a lot easier for us to monitor and adjust our behavior than it is to monitor and adjust the results.

We can't actually control the results, but we do control our own actions. So, we have to take responsibility for what we do control.

So, why do so few people achieve the pinnacle of success? Are they more passionate? Are they born with better self-esteem? Are they better at visualizing? Are they better goal setters? Are they just the winners?

Yes and no. The biggest enemy of success, the biggest enemy of your success, is not failure...

It is complacency. ✖