

LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

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



SPECIAL POINTS OF INTEREST:

- BOI reporting suspended
- Are you deducting everything you can?
- Take the risk
- Income that isn't taxed
- Richard's reads, referrals, reminders, and more...

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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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Important BOI Reporting Update!

In case you missed it...



Beneficial Ownership Information Reporting

The required beneficial ownership information (BOI) report filing has been temporarily suspended. The future of the enforcement of the Corporate Transparency Act (CTA) and the BOI reporting, including when you need to submit reports, is in flux.

On December 3, 2024, a federal district court in Texas issued an order granting a nationwide, preliminary injunction that: (1) enjoins enforcement of the CTA and regulations implementing its BOI reporting requirements, and (2) stays all deadlines to comply with the CTA's reporting requirements, including the January 1, 2025, deadline for reporting companies to submit their initial BOI report. The Department of Justice, on behalf of the Department of the Treasury, filed an appeal of the district court's decision on December 5, 2024.

As of this writing, the appeals court has not issued a ruling.

The Financial Crimes Enforcement Network (FinCEN) has responded that as long as the preliminary injunction remains in effect:

- Reporting companies are not required to report BOI to FinCEN; and
- Reporting companies will not be subject to liability for failing to report their BOI.

FinCEN also indicated that reporting companies may continue to voluntarily submit BOI reports.

THIS COULD CHANGE AT ANY TIME...the U.S. Attorney General has promised to get involved. ✖

7 Tax Deductions for the Self-Employed

As a self-employed individual, you have the unique opportunity to take advantage of tax deductions that can significantly reduce your taxable income. Knowing what to deduct is key to keeping more of your hard-earned money. Below, we outline seven of the most impactful tax deductions for self-employed individuals.

1. Health Insurance Premiums

If you are self-employed and not eligible for a health plan through a spouse's employer, you can deduct the premiums you pay for health, dental, and long-term care insurance for yourself, your spouse, and your dependents. This deduction is taken "above the line," meaning it reduces your adjusted gross income (AGI) directly, which can also impact your eligibility for other tax benefits.

2. Home Office Deduction

Do you work from home? If you use a portion of your home exclusively and regularly for business, you can claim a home office deduction. This includes a percentage of your rent or mortgage, utilities, homeowners insurance, and maintenance costs. The IRS offers a simplified method of \$5 per square foot, up to 300 square feet, or you can calculate actual expenses.

3. Office Supplies and Equipment

From pens and notebooks to

Continued on back cover ➡



Be Open to Possibility and Opportunity

In 1965, seventeen-year-old Fred DeLuca was looking for a way to earn extra money beyond his minimum wage income. He talked to a family friend, Dr. Peter Buck, who suggested a sandwich shop as a business. DeLuca needed capital to finance the shop, so Buck provided him with \$1,000 in capital and formed a partnership with him to start the sandwich shop.

The plan was to provide healthier, less fattening fare at the sandwich shop. They opened their first shop in Bridgeport, Connecticut and struggled their first year. Opening another shop in their second year, they continued to struggle.

Then, they did something out of the ordinary. Where most business owners in their situation would consider throwing in the towel and running away, in a bold move the partners opened a third location. This time they tried something different from what they had done with their first two locations though, because they realized that...

Visibility and marketing were the two main factors to success.

Believing their first shop was in a “crummy location,” they opened the third store in a highly visible location. That third store is still open today.

The sandwich shop is Subway. Today, they are the world’s third largest restaurant chain in terms of number of locations, surpassed only by McDonald’s and Starbucks. As of September 2023, Subway had approximately 37,000 shops and McDonald’s had 41,000. Plus, the company is still privately owned, thus Fred DeLuca and Dr. Peter Buck are both among the richest Americans.

Just like Fred all those years ago, you may be looking to supplement your income, but aren’t sure how to or what you’d do. Maybe you have an idea, but don’t know where to get the money to start it. Or perhaps you have your own business, but are struggling a bit. There are lessons that can be learned from the Subway story.

The first being the value of collaboration. Fred needed an idea and capital to make more money. Peter was open to listening and came up with an idea and the money. A perfect solution.

If you’re just starting out and have some pretty lofty goals, it might make sense to find someone to help you with an idea or capital or be on the investing side and help someone else with capital, an idea, or both. It’s important to be open to all possibilities and all opportunities.

Second, look for a way to do the opposite of what everyone else is doing. DeLuca’s unique selling proposition was outside the majority’s approach. He wanted a sandwich shop with healthy options, something that wasn’t available at the time.

Lastly, focus relentlessly on your goal. DeLuca’s initial goal was modest: to supplement his income by opening a sandwich shop that served healthy food. By continuing to focus re-

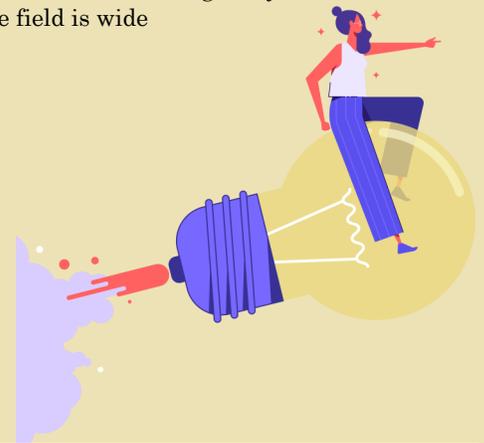
lently, he was able to “run toward the fire” when it came time to open his third shop, again something many people would not have had the guts to do. As a result, he built Subway into one of the largest fast food chain in the world with estimated annual sales of \$3 billion dollars.

A bonus lesson for you: Don’t let financing, or lack of it, stop you. If you run into a roadblock in terms of financing, keep in mind that, like Subway, many small businesses are financed by friends, family, and personal funds. If you present people with a unique idea and a well thought-out business plan with a solid path for them to make a solid return on their investment, people will give you their attention.

Now has never been a better time to start or expand a business. Most business owners are running away from opportunity, the field is wide open.

What will you choose? To be a Fred DeLuca or Dr. Peter Buck? Or to remain with the majority and stay status quo?

Adapted from an article by Dan Kennedy. ✧



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.

- ◆ Supplemental Insurance
- ◆ Attorney
- ◆ Graphic Designer
- ◆ Financial Advisor
- ◆ Monogramming
- ◆ Cultured Marble
- ◆ Gutters
- ◆ Mortgage Broker
- ◆ Printer
- ◆ Travel Agent
- ◆ Realtor
- ◆ Home Inspector
- ◆ Business Coach
- ◆ Human Resources
- ◆ Auto/Home/Life Insurance
- ◆ Social Media Expert
- ◆ Air Conditioning Repair
- ◆ Medicare Supplemental Insurance



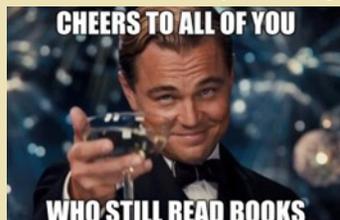
What I'm Reading...

NOW

Ghost Operative by David Archer and Vince Vogel

RECENTLY

Iwo, 26 Charlie by P.T. Deutermann
The War on Warriors by Pete Hegseth



REMINDER:

Businesses are required to provide Form 1099-MISC, 1099-NEC, and W-2 forms to recipients by **January 31, 2025**.



To ensure we can complete and file these forms on time, please provide your information no later than **January 10, 2025**.

21 Types of Income That the IRS Can't Touch

When you think about receiving additional income, do you automatically wonder, "How is this going to affect my taxes, or how much should I withhold to cover the additional income tax?" Well, you should know while most income you receive is taxable, there are several types of income that the IRS can't touch. Listed below are some of the types of income that increase the money in your pocket without having to pay a percentage to the IRS:

1. Tax free interest. Such as interest earned on bonds issued by state, territory, municipality, or any political subdivision (municipal bonds).
2. Carpool reimbursements. If you form a carpool to carry passengers to and from work, any payments received from the passengers are not included in your income.
3. Profit from selling your house. It has to be your principal residence for two of the most recent five years. You can exclude as much as \$500,000 in gain (\$250,000 on a single return) when you sell it. This can be claimed every two years.
4. Compensation in the form of health care. If your employer pays for your health coverage, this can be considered nontaxable compensation.
5. Compensation in the form of life insurance. Coverage of term life insurance of \$50,000 or less paid by the employer isn't taxed to you. You pick the beneficiary, and the company pays the premium. The company can deduct the expense, and you have additional tax-free income.
6. Compensation in the form of sending you to school. Your company can pay and deduct as much as \$5,520 per year in education assistance for either undergraduate or graduate courses.
7. Compensation in the form of transportation fees. If you drive to work and have to pay to park, your company is now able to provide you with free parking up to the maximum value of \$325 per month in 2025.
8. Compensation in the form of a cafeteria plan. A cafeteria plan can contain several benefits such as a Flexible Spending Account. You, as the employee, choose the nontaxable benefits and you have no additional income (this may include life insurance, disability benefits, dependent care, and/or accident and health benefits).
9. Gifts and other non-taxable gifts such as tuition or medical expenses paid on someone else's behalf.
10. Inheritance.
11. Disability insurance payments. If you purchase supplemental disability insurance with after tax dollars, the benefits are nontaxable. Compensatory damages for physical injury or physical sickness and disability benefits from a public welfare fund are considered nontaxable.
12. Child support payments.
13. Employee discounts. If you purchase property from your employer and receive a discount, you do not have to include that discount as part of income nor pay tax on that discount.
14. Meals on work premises. If the cost of meals served on your employer's premises and furnished for the convenience of the employer, it is nontaxable.
15. Employer provided vehicle. If your employer provides you with a car for business use, the personal use of that car is considered nontaxable (non-cash fringe benefit).
16. VA benefits.
17. Compensation paid under a worker's compensation act or a statute in the nature of a worker's compensation act.
18. Bankruptcy. Cancelled debt under Title 11 of the US Code.
19. Disaster relief payments.
20. Cash rebates.
21. Scholarships and Fellowships.

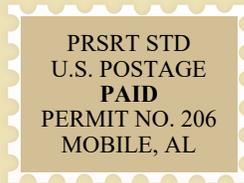
These are twenty-one types of income the IRS can't touch, and more importantly leaving more money in your pocket. And, I will let you in on a little secret... there are EVEN a few MORE! ※



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7 Tax Deductions for the Self-Employed—continued from page 1

computers and printers, expenses for office supplies and equipment used exclusively for your business are fully deductible. Keep detailed records and receipts to substantiate your purchases.

4. Vehicle Expenses

If you use your car for business purposes, you can deduct either the actual expenses (gas, maintenance, insurance, etc.), or use the standard mileage rate, which is updated annually by the IRS. For 2024, the rate was \$0.67 per mile. Be sure to maintain a detailed mileage log to support your deduction.

5. Business Travel

Traveling for work? Expenses such as airfare, lodging, meals, and transportation are deductible, as long as they are necessary and directly related to your business. Meals are generally limited to 50% of the cost, so be sure to separate these from other travel expenses.

6. Retirement Contributions

Saving for retirement can also save you on taxes. Contributions to self-employed retirement plans such as a Simplified Employee Pension (SEP IRA), Savings Incentive Match Plan for Employees (SIMPLE IRA), or solo 401(k) are deductible. For 2024, you can contribute up to \$69,000 to a SEP IRA, depending on your income, or \$19,500 to a SIMPLE IRA if you're age 50 or older.

7. Professional Services and Education

Hiring a professional—such as an accountant, lawyer, or consult-

ant—to help with your business is deductible. Additionally, educational expenses that improve your skills or expand your knowledge in your current business field can also qualify. This includes courses, seminars, or even industry-related publications.

Key Tips for Maximizing Deductions

- **Keep Meticulous Records:** Maintain receipts, invoices, and a log of your expenses to support your claims.
- **Separate Business and Personal Finances:** Use a dedicated business bank account and credit card to make tracking expenses easier.
- **Consult a Tax Professional:** The tax code is complex, and a professional can ensure you're taking full advantage of all deductions while staying compliant.

By leveraging these deductions, you can lower your tax bill and reinvest more into your business. Have questions or need assistance? Don't hesitate to reach out to our office for personalized guidance. ✨

"People who complain about taxes can be divided into two classes: men and women." - Unknown

"Taxation with representation ain't so hot either." - Gerald Barzan, humorist



If and only to the extent that this publication contains contributions from tax professionals who are subject to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, the publisher, on behalf, of those contributors, hereby states that any U.S. federal tax advice that is contained in such contributions was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purposes.*