



MUHLENKAMP & ASSOCIATES LLC  
MUHLENKAMP & GAGEL WEALTH ADVISORS LLC

**December 2023 Business Newsletter**

**TAX PLANNING**

There is still time to set up an appointment for year-end tax planning. Please call our office to set up an appointment.

**SAFESEND/PORTAL - electronically sending and receiving your information securely**

We have partnered with SafeSend Suite to provide a secure, convenient, and user-friendly program for our clients. This will provide additional electronic options. If you have questions on how to use the system, contact our office.

- Ability to send us your tax documents securely.
- Allows Muhlenkamp & Associates to send your copy of the tax return electronically & for you to sign required paperwork electronically.
- Ability to send payroll documents, general ledger, or other documents.
- Ability to upload Quickbooks backup

**CORPORATE TRANSPARENCY ACT (CTA)**

Beginning in January 1, 2024, the US Corporate Transparency Act (CTA) will require ALL corporations, LLCs, limited partnerships and other similar entities to disclose beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN), a bureau within the US Department of Treasury. Any companies that are in existence on 1/1/24 must file their reports within one year (1/1/25). Any new companies started after 1/1/24, will need to file their reports within 90 days of being created. Beware of scammers wanting to file this paperwork for a fee. **Currently, the penalty for not filing this form is up to \$10,000 and up to two years in prison.** We are still waiting on final clarifications and rules on this CTA, but know it's coming for 2024.

**OHIO CAT (Commercial Activity Tax) RULE CHANGES**

- For calendar year 2024, the exclusion amount increased from \$1 million to \$3 million.
- For calendar year 2025 and thereafter, the exclusion amount is increased to \$6 million.
- Taxpayers with \$3 million or less in taxable gross receipts in 2024 and \$6 million or less in 2025 will not be required to file a return with the Department of Taxation.
- **CAT Cancellations** - If you file your own CAT returns and have questions regarding cancelling your account, contact our office. If we file your CAT return for you, we most likely have reached out to you about cancelling your CAT account.

**DEPRECIATION**

The Section 179 expensing of new or used equipment for 2023 is set to \$1,160,000 for the first \$2,890,000 of acquisitions, at which point the deduction begins to phase out. The bonus depreciation deduction for both new and used property is 80% for 2023 tax year. The bonus depreciation deduction is scheduled to decrease to 60% in 2024. Ohio & Indiana still limit first year expensing to \$25,000.

**ERC CREDITS**

Please be aware of "ERC Mills" that are portraying themselves to be ERC experts. If you have used a third party to obtain this ERC credit for 2020 or 2021, you are required to amend your prior year's tax returns. **The IRS recently made changes.** If you have filed the paperwork to get the ERC credit and wish to withdrawal the paperwork before you receive the money, there are steps you can do to stop the filing. If you have already received the money, the IRS is working on a process for employers to return the money if the employer feels they received this money in error. Please reference the IRS website for more information.

**MILEAGE RATE**

The business mileage rate for the entire year was 65.5 cents per mile. The 2024 rate is not yet released.

## **W-2 & 1099 ELECTRONICALLY FILING**

**If you file your own year-end W-2s and 1099s, please be aware of the changes for 2023 filing:**

**IRS** – If you file more than 10 W-2s or 1099s, you must file these electronically. They will no longer accept paper copies.

**OHIO** – All employers who file IT501 state reconciliation for Ohio withholding tax for employees, are now required to upload the W-2s electronically via OBG (Ohio Business Gateway). This is effective for 2023 W-2s due January 31, 2024. Please visit [www.tax.ohio.gov/W2Upload](http://www.tax.ohio.gov/W2Upload) for more information.

## **PAID LABOR**

- If your business or farm pays labor to individuals, please refer to our website under Links/Forms - “IRS 20 Factor Test-Contractor or Employee” to determine if the individual is an employee (W-2) or contractor (1099). Our website also includes new hiring forms, withholding tables, minimum wage information, etc.
- Report subcontract/casual labor on the annual BWC True-Up Report. Omitted reporting to BWC is a “**high-target**” for **BWC audits**. Exclude only if documentation is on file of the individual or businesses BWC policy, liability insurance certificate, or business invoices.
- If a subcontractor is paid over \$2,500 per year, a New Hire form must be reported at [www.oh-newhire.com](http://www.oh-newhire.com) or contact us for a form to fax in.

## **PAYROLL**

Simplify your business needs by allowing Muhlenkamp & Associates LLC to take care of your payroll processing. Outside preparation of payroll and payroll tax returns allows you to focus on your business operations. Let us keep your business up to date with changing regulations and streamline the payroll process.

- Payroll Check Preparation
- Payroll Tax Return and W-2 Preparation
- Direct Deposit
- Online Tax Payments

## **QUICKBOOKS**

We are available to help you with QuickBooks software to properly install, assist with daily operation, and review transactions to inform you of any corrections, adjustments, or reclassifications. We can also provide personalized training. This allows you to efficiently and effectively manage your business and obtain useful and timely information.

## **LIKE KIND EXCHANGE**

Like kind exchanges (1031 exchanges) are only allowed for real property. All trades of equipment and vehicles will be treated as a sale and corresponding purchase. *We will need trade-in values for any equipment or vehicles traded in 2023.*

## **SECTION 199A – QUALIFIED BUSINESS INCOME DEDUCTION (QBI)**

A 20% deduction will be available to most businesses and farms with a profit. There are limitations due to income (\$232,100 for single taxpayers/\$464,200 for married taxpayers) or specified service businesses. This deduction will be available for sole proprietors, partnerships, and S-Corporations.

## **S-CORPORATION NOTES**

- All S-Corporations should make sure their owners/officers are receiving a reasonable wage/W-2. “Reasonable” to the IRS means fairly compensated compared to other employees, considering time worked, type of work, and personal skills/knowledge. Normally this wage is higher than wages paid to other employees.
- Any health insurance premiums and health savings account (HSA) contributions paid by the corporation on behalf of a shareholder, with more than 2% ownership of a corporation, need to be reported on the shareholder’s W-2. *We will need this amount prior to completing year-end W-2s.*

## RETIREMENT PLANS

We have the ability to set up your businesses retirement plans (401k, Simple IRA, etc.) for employees and owners (partners, shareholders, and self-employed). Do you currently have a retirement plan for your employees? Do you want to set up a retirement plan? Contact us with additional questions.

## RETIREMENT PLAN CREDITS

There are new credits available for businesses establishing a retirement plan if one was not offered during the previous 3 years and it covers at least one NHCE (non-highly compensated employee – an employee who does not own more than 5% of the company and had less than \$150,000 in compensation in 2023). If you have set up a retirement account for 2023 or wish to set up an account for a future year, contact our office for eligibility requirements. See our website for specific credit information.



We're dedicated to providing comprehensive planning advice through a tax-focused lens by using the right asset allocation, tax-efficient investment products and tax-conscious planning solutions to help you meet your goals and keep more of what you earn.

- Tax-Focused Investment Strategies - Managing investments for long-term goals with better after-tax results.
- Retirement Planning & Withdrawal Strategies – Can you retire according to your plan?
- Family Risk Management - Protecting yourself and your loved ones from loss.
- Business Planning - Strategizing for growth, retirement, and continuity within your business.
- Legacy Planning - Maximizing the transfer of wealth to benefit loved ones and the causes you care about.
- Education Planning - Funding the education needs of your loved ones.
- Cash Flow Management - Creating a spending plan for short and long-term goals.