The anticipated Business Edition annual letter by Bookkeeping Solutions Inc. is now in your hands! Please read it in its entirety because there are several important and critical tax law changes that affect a significant number of you. I promise to include a peek at the best surprise gift I received this past year with a few pictures at the end, but do not go there right now. Ok, go ahead, but come right back to the beginning!

I believe that from the Library of Great Quotes, my two favorites are from Tony Robbins, “**Change is inevitable. Progress is Optional.”** Another from Vince Lombardi, “**Perfection is not attainable, but if we chase perfection, we can catch excellence.**”

I will choose progress and chase perfection in my tax practice so that I may catch and maintain excellence within it.

Some new and exciting changes have materialized for my firm. Most exciting, I have moved to a new, larger office space and signed a five-year lease at **24 Onville Rd, Suite 206, Stafford, VA 22556**. It is very nearby, located just on the opposite side of 610 from where I have been the past two tax seasons.

Please also note that my phone number in your records needs to be updated to **540-269-0094**. My old number (also listed in the past tax returns) will no longer reach my office.

I am really excited about this new larger location as it allows me to more effectively meet the demand for our services by continuing to build my trusted team of in-house Tax Compliance and Preparation Professionals: myself, Huei Shin, Julie Mills, Shawn Gillis, and QuickBooks specialist Stephanie Campbell. Collectively, we currently have more than 80 years of tax and accounting experience.

The Tax Law Highlight Summary is being sponsored by my long time friend Dewey Loman who began the creation of the following song. Please use the 12 Days of Christmas to follow along;

*On the first day of Tax Season Congress gave to me, a job that will last all my life.*

*On the second day of tax season, Congress gave to me, two new forms and a job that will last all my life.*

*On the third day of tax season, Congress gave to me, three deadlines, two new forms, and a job that will last all my life.*

*On the fourth day of tax season, Congress gave to me, four tax hikes, three deadlines, two new forms, and a job that will last all my life.*

*On the fifth day of tax season, Congress gave to me, five frustrations, four tax hikes, three deadlines, two new forms, and a job that will last all my life.*

There are seven more days to the song, but I will spare you.

I will highlight what I consider the two most important business updates. You will find more posted on my Facebook page or on my website under the Newsletter Tab. An extensive article about the reporting requirement is already there. There is a subscribe option in the Newsletter tab on the webpage, or follow me on Facebook, Margy Spruill EA, to receive notifications when a new article is posted. Tax news articles are posted at least quarterly, with some earlier as changes occur or there is a need for advantageous tax tips.

Beginning January 1, 2024, a significant change is on the horizon that could impact a substantial portion of our clients, including you. Whether you operate as a single-member LLC, a small multi-member LLC, a small S corporation, or a small C corporation, you may soon find yourself obligated to provide detailed reports about your beneficial owners. These individuals own or exert control over your business entity.

This new reporting requirement, mandated by FinCEN (Financial Crimes Enforcement Network), extends its reach to encompass various types of businesses, **including those that hold rental properties within an LLC.**

Already, there are scammers. This is directly from the FinCEN Website

“Alert: FinCEN has been notified of recent fraudulent attempts to solicit information from individuals and entities who may be subject to reporting requirements under the Corporate Transparency Act. The fraudulent correspondence may be titled "Important Compliance Notice" and asks the recipient to click on a URL or to scan a QR code. Those e-mails or letters are fraudulent. FinCEN does not send unsolicited requests. Please do not respond to these fraudulent messages, click on any links, or scan any QR codes within them.”

**So, who has to report?**

A corporation (including an S corporation), a limited liability company (LLC) (including a single-member LLC disregarded for federal tax purposes), or was otherwise created in the United States by filing a document with a secretary of state or any similar office under the law of a state or Indian tribe, or a foreign company registered to do business in any U.S. state or Indian tribe by such a filing.  
Small businesses with no employees, including sole proprietors who file with their state corporation to be an LLC or LLP, must report. If you are a sole proprietor or partnership that does not file any documents with their secretary of state to be a corporation or LLC you are not a reporting company.

**Ensuring compliance is of utmost importance, as the penalties for willful violations of the Business Ownership Information (BOI) reporting requirements can be severe, including**:

- Civil penalties of up to $500 for each day a violation remains unaddressed.

- Criminal fines that may reach up to $10,000.

- The possibility of imprisonment for up to two years.

It's **crucial** to note that there's no limit on the number of individuals who can be subjected to these penalties. Both senior management personnel and corporate entities can be held accountable for willful violations of the BOI reporting rules including:

- Those who knowingly submit a false or fraudulent BOI report on behalf of a company.

- Individuals who knowingly provide false information to the preparer of a BOI report.

- Beneficial owners who willfully neglect to submit a BOI report or who submit a false report. This includes corporate officers, directors, employees, LLC members, and employees.

**I posted a step-by-step created by Tom Gorczynski on my Facebook page, and it is on my website. I used it and have already reported my business to FinCEN. It took me 17 minutes. I had to figure out that I needed to title my saved license copy as an Identifying Document, not a VA Driver’s License.**

**PLEASE NOTE:** **These rules are applicable to both newly formed and existing entities starting in 2024**:

- **New** entities must file within 90 days of their formation. (Tell folks you know that are going to start a business.)

- **Existing** entities must submit their reports on or before January 1, 2025—an approaching deadline to keep in mind.

**Ignoring these new reporting requirements is not a viable option.**

**REASONABLE COMPENSATION FOR Sub-S Corporations and C Corporations**

A new subcommittee has been created in the IRS to begin to monitor and enforce by penalty the lack of Reasonable Compensation in the Sub S and C Corporations. Since the IRS has reduced the expected number of audits of low-income taxpayers, then it is reasonable to expect that S Corps will be a target.

For your protection and mine, I have set in place software from RC Reports that uses the same algorithm to assess what reasonable compensation would be for the job you perform for your corporation. It is not a formula; it is based on the amount of hours you put into the different jobs you complete for the business and the level of expertise in each category. The law states in Treasury Regulation 1.162-7(a) "There may be included among the ordinary and necessary expenses paid or incurred in carrying on any trade or business a reasonable allowance for salaries or other compensation for personal services actually rendered. The test of deductibility in the case of compensation payments is whether they are reasonable and are in fact payments purely for services."

Further, Treasury Regulation 1.162-7(b)(3) specifies, "In any event, the allowance for the compensation paid may not exceed what is reasonable under all the circumstances. It is, in general, just to assume that reasonable and true compensation is only such an amount as would ordinarily be paid for like services by like enterprises under like circumstances. The circumstances to be taken into consideration are those existing at the date when the contract for services was made, not those existing at the date when the contract is questioned.”

All of my Sub S and C Corporations must create this report through the link I sent to you prior to completing the tax return for the business. If you have not received a link for it from me, make sure you contact me for one. If you have and have not filled it out, please do so ASAP.

THE OFFICE

As most of you already know, my team and I are committed to providing outstanding and dedicated service to our clients. We pursue excellence by continually improving and implementing the best processes, systems and tax strategies, while focusing on strategizing what is best for you and your individual situation.

I am also committed to making this engagement an excellent investment for you……My business mission is for individual taxpayers to have confidence that their tax return has all the allowable deductions and any strategies that can be applied.

Just this past year, I have invested more than 120 hours of educational time to explore the latest and most effective tax strategies from the best and most studied tax advisors in the country.

I am now also an officially **Registered Social Security Analyst!** By analyzing your current retirement strategies involving Social Security, I now know how to best advise you regarding the different filing date options and how to achieve maximum earnings for each individual and their survivor (if married).

**New Services Available Include-**

\*\*I am now offering pre-planned consultations for personalized tax planning and strategies so you can invest in your tax financial health and have set up end-of-year and new-year planning appointments... Previously, we had short discussions at tax return time with time constraints, which typically amounted to payroll withholding discussions.

I will continue to use Tax Dome for document exchange: <https://taxladymargy.taxdome.com>

If distance or your schedule prevents an in-person visit, will can meet via Google Meet, Zoom or MS Teams. You can reach the office to schedule your appointment at my new number, **540-269-0094.**

\*\*Last year, I guided responses to 117 IRS letters. Of those, 65 required further engagement for me to respond to the IRS. Your tax preparation investment includes IRS Audit Protection and Identity Theft Recovery. I have contracted **Protection Plus** to handle all IRS notice requests requiring responses. **Protection Plus** will also help with identity theft issues related to your tax return and those unrelated to your tax return. This offers great reassurance for taxpayers concerned about not knowing the next step should an IRS letter come or if their identity is compromised. Please visit my website for a description of the $1,000,000 Audit Protection you will receive. A copy will also be provided with your tax return.

New this year, I am offering an **IRS Letter Advanced Notice Plan for $350 for the 2023 tax return.** This plan is not for everyone but for those with a concern and high exposure to liability due to their complex tax situation. Taxpayers will be monitored monthly at the IRS website, and we will get a head start knowing what letter and why it is being sent and we will discuss the next step. If the letter should require action, we will discuss the engagement and the fee. To many of you, this will bring you peace of mind when and if the IRS sends a letter. This is similar to having a AAA membership. Just when you need that help, you are glad it is there to protect you with roadside assistance or a tow.

New/ Updated Policies and Fees and Important Dates

 \*\*\*In addition to tax preparation (compliance) services for individuals and businesses, I will be offering separate engagements and fees for the following;

* Strategic Tax Planning for individuals and businesses
* Entity Selection for Businesses,
* Reasonable Compensation Analysis for Sub S Shareholders,
* Accounting and Guided Payroll Support Services for small businesses
* Social Security Filing Strategic Planning

Our business is growing, and the services we offer are expanding, and our policies (including billing policies) continue to evolve. I would like to minimize the chance of any future surprises by providing an overview of some of these changes. As the world evolves, and after too many years with no price increases, which I take 100% responsibility for, I have been given no choice but to adjust/increase my fees accordingly. I thank you for understanding this and for appreciating the true value that I do my utmost best to provide to you. In the past, the fee fluctuation was only derived from the additional forms Congress mandated. After examining software, supplies, equipment costs, rent, infrastructure, insurance, and cyber security, I have found it necessary to make a material increase in my rates.

* Business returns (1120, 1120S, 1065, and 1041) will begin at - $1125.00
* Fees for more difficult returns are higher and all invoices must be paid in advance of  doing any of the work.
* If a supplemental invoice is required due to the complexity of the return, that invoice  must be paid before the work is started.

\*\*\*To ensure the highest service level, I will send engagement letters and invoices with prepayment to secure your place this tax season and information deadlines. Many professionals are leaving the practice, and the number of folks seeking professional help has increased. I want to prioritize you and secure your place with me, but I need your commitment to choosing my services with a signed engagement letter and paying my invoice in full.

To ensure the highest level of service, **Business Tax Returns** docs are due by the following dates to avoid extensions:

* **February 15th, 2024**. Any docs received between **February 16th, 2024 – February 25th, 2024** will incur an **automatic extension with a $125.00 fee.**
* Any docs received after **February 26th, 2024,** will incur an **additional $300 extension fee** + **$125 late fee ($425 combined)** for **filing an extension** and **will not be filed until after the April 16th, 2024, individual tax deadline**.
* For those of you who want your returns done first and want to get to the front of the line, I’m offering a VIP Pass similar to CLEAR or TSA pre-check in the airport or Disney’s Fast Lane Pass. That **VIP / RUSH fee is $375** to be moved to the front of the line. There will be a limited number of VIP Passes available.

**Document Deadlines Business Tax Returns on Extension:**

* **August 1st  -** All documents must be received and uploaded to the online portal by October 1st to ensure filing by the September 16th Deadline
* **August 15th - August 31st** - If documents are provided and uploaded to the portal during this time frame, a $500 RUSH FEE will be added if you wish to have your tax return finalized by the **September 16th** deadline.
* **September 1st**  - If documents are received after this date, a **$950 LATE FEE** will be added if you wish to finalize your tax return by the **September 16th** deadline. However, we cannot guarantee we can complete your returns in time to meet the IRS deadline to be complete and accurate. You could incur late fees and penalties from the IRS during the time we need to do a complete and accurate tax return.  This is our new policy.  If we reach this point, we are then in the emergency room, not the doctor’s office.  Every minute is critical and will cost much more than before. We will try our best to complete the work by **September 16th,** but we cannot guarantee your surgery will not take longer.

**ON THE LIGHTER and JOYOUS SIDE OF LIFE…. MY FAMILY**

Lots of wonderment occurred this year. Look at my two new babies!!!

Christian and Logan were born in 2023.

These two moments in time stopped the clock and allowed us to rejoice in wonderment at the gift we had received.

The year flew by with many activities, sniffles for the children, and family reunions. My second oldest grandson participated in a National Home School Soccer League Championship in Tennessee. I was able to go, watch his team win the division championship, see him get picked for the All-Star Team, and see him break a four-year title of most goals scored in a high school career for the team he played for. He scored the 100th goal during the championship to beat the title and then scored some more.

I enjoyed several regular soccer games for the girls, watched ballet recitals in VA and NC, attempted some rock-climbing lessons taught by my girls in Ohio, and camped at Pohick Bay and at Assateague with good friends. My garden was not as abundant as in years past, but there was enough to satisfy the fresh-grown food I absolutely love. I finished a long-term quilt project and personally delivered it to Sacramento. It never left my side on the airplane. I cycled in the Fredericksburg area with dear friends and managed a few days of paddleboarding in between responding to the office's needs. Family is, by God’s grace and mercy, all healthy. If you are wondering…. The two babies put me at 15 grandkids. My quiver is indeed full.

I look forward to tax season with you. I am introducing you to amazing professionals. Hue Shin, Julie Mills, and Stephanie Campbell. I am looking forward to welcoming for his tax season debut, Shawn Gillis as a beginner in this field. With so many leaving the tax practice field I find it imperative to train new interested men and women. Shawn excelled in the preparation classes he attended. I am certain he will do great things.

One of our primary goals is to prevent you from experiencing any unneeded anxiety, worry or exhaustion as a result of contending with the complexities of tax season.

One of the ways we accomplish this is by providing you clear, easy-to-follow guidelines that remove the frustration and worry of needing to navigate all these complexities on your own.

**As always, grateful for you,**

**And seeing you satisfied brings me great inner joy and fulfillment.**

Margy (Carmen) Spruill

24 Onville Rd Suite 206

Stafford, VA 22556

540-269-0094

Cell 540-226-1620

[taxladymargy@gmail.com](mailto:taxladymargy@gmail.com)

Phil 1: 1-14

Hab 3: 17-19