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If you have any technical questions, feel free to email us at support@myccp.com. Happy Learning, and thank you for choosing my CPE one. All right, thanks for joining us. My name is Jason Sison. I'm an enrolled agent and practice in the state of Iowa. I do about a hundred and well, last year was 165. Tax returns, probably be about the same this year. I also do a lot of teaching and presenting just like this. I've actually been doing this since 2012 now. So a, I'm a grizzled veteran, I guess, on the teaching

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and CPE front. So these are our monthly tax updates. I'll let Nick introduce himself in just a second. And he usually takes the first segment. Um, and this is a little different from the typical update that you might take, where it goes through, you know, what's new on the 10 40 or something like that. When we say update in this, it means what's new since the last time we did one of these updates.

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So what's new in the last month? And, uh, without any further ado from me, I'll stop talking and turn it over to Nick. Sure. My name is Nick Price. I'm here in, uh, Richmond, Virginia. Actually come from Buffalo, New York though. Um, so throw that out. It's been a, a sad week for all of us. Uh, Buffalonians, uh, but, you know, we'll, we'll move on. We'll, prosper. And I, you know, I served my career

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with IRSI was an attorney there at National Office for a while and, uh, you know, left, came to the good guy side and became a CPA. Now at a, you know, a regional firm, I deal with emerging issues, complex tax transactions, all the fun stuff. And so that's what we're gonna get into. And, and I know, um, kind of breaking news ish, I guess, but one of the first things we're gonna talk about is some of the legislative updates.

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Um, and, and I think it's kind of interesting. So lemme get my pen out. I love that Jason taught me how to use this. And we're gonna do some math. So, coming into the house, we have this number, 2 22 15. Now, in order for anything to pass, you need a simple majority. You need to get basically over that, you know, two 16th threshold.

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So when everything is all said and done, the amounts should end up being 2 22 15. Now, what ends up happening as of today, we had Matt Gates leave the house. Uh, we had Walts leave the house from the Republicans, and we have Nik leaving the house, uh, for the Republicans, which knocks that number down to two 15 to two 17. Now, that is the slimmest majority of any Congress ever. Uh, basically when the house gets to these numbers, um, right now it is at the two 18.

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The two 17 will be as soon as Step Nick does step down to take the cabinet position. But the 2 17, 2 15 is where we at for a little bit, probably until April. April is when the, uh, special election in Florida will happen. And that special election, you know, it, it probably will end up going to the Republicans, though they should regain those seats. Um, both seats were in very deep red territories.

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Uh, the last election cycle. Now, I I throw that out, it's special elections. You never know what can happen. There was just one in, I wanna say it was Minnesota, um, where it was, um, during the presidential election when 60, 70% Trump and it actually flipped a Democrat in the special election. So stuff like that happens. Um, and, you know, you could see those numbers dwindle or more, more likely,

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you're probably gonna see these keep up at the two 20 number. So they gotta get to 2 20, 2 15, and that is the magic one of losing five. When we look at Tax Cuts and Jobs Act, what we ended up seeing was about 13 Republicans said, no, we don't want the Tax Cuts and Jobs Act, and they left. So past couple days, what went on was there was a meeting of the house, GOP, down in Florida,

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and they had a whole discussion about what they wanna get in the bill, what they don't wanna get in the bill and everything. Hoping after that meeting, they were gonna come out with a, a, a good proposal, a good idea of what they're gonna have in there. And at the end of the day, they didn't come up with a final plan yet. So we don't have a final tax bill, but what I do wanna kind of throw out here is the house ways

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and means we're able to put together some of their solutions, uh, what they want in a tax bill. And I think it's good for us to, uh, look at it. Now. It's a 50 page document, it's not all tax stuff. So if you go up to the beginning, you can kind of see the headings. It has stuff for health. Um, what I wanna do is I wanna kind of talk about some of the tax things. And remember when we're talking about these,

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always keep in mind that 2 20, 2 15, so you gotta remember who is it gonna make mad, because if it makes more than say three people mad, it could kill the bill. And that's one of the things that are in here. But some of the neater things, not neater, but more interesting things to talk about. Um, ending the employee retention credit. And this would actually, the proposal in this would deny any claim submitted after January 31st, 2024.

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Um, which, which we look at our calendars as the past. So basically any the past year, um, I guess under this provision would say, Hey, you're not gonna get those. Now, if those funds were released, would that require people to pay them back? Um, I don't know. It, we don't have the exact wording or language of how that would work. But again, something to keep in mind, and maybe if you did get a client who received funding

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after January applied, actually applied for funding after January 31st, 2024, maybe they wanna hold onto those funds. A lot of our clients received it after, even though they, uh, went back and they applied much earlier, then those should be safe. And I wouldn't worry about those. Um, SSNs for people giving the child tax credits, um, there's this endowment tax on universities that would go up to 14%.

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The next provision's interesting too, because this endowment tax originally was only meant to cover a couple colleges, and they actually toss in here. It only does about, uh, you know, a handful of, uh, schools that are there. And they would expand it to, um, 10 to 12 additional schools that are out there. Uh, honestly, there's not many institutions. 58, um, in 2022 is the number that it had. So a very small percentage of the schools

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that are out there, the ones that, you know, we're talking about our numbers are these. Next three is the repeal and salt deduction. So getting rid of salt altogether. No more state in local income taxes, making it the $10,000 permanent, but expanding its married couples, uh, for 20,000 instead of 10, and then a 15 or $30,000 cap. Now, I can tell you probably repealing the salt deduction is off the table, because right now I believe there is 13

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Republicans in California alone. Um, add on top of that Illinois and New York, which are all high tax states, you're gonna get those people, they have a SALT caucus, um, that are gonna get together and say no to that because you know that that almost has to be dead on arrival. I, I find it very hard to see the salt being repealed fully. Now, maybe the 15, $30,000 cap will be there. And either way, I think the interesting thing for us on the state side is most

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of the states tie back their salt cap and the, the PTE regime to the salt cap. So the salt cap is gone. PTE is gone too. Now, they also throw out this provision down here is eliminating the state and local tax portion, uh, of the business, sorry, one more below that, below for the businesses. So that's way to prevent salt, um, PTE from actually, you know, circumventing the salt cap. So it's interesting, they, they're, they're like, oh, hey,

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all these people are doing these PTEs. Well, let's just get rid of the salt deduction for businesses. And that'll make everything a lot easier for everyone. So that, that's what I think definitely need to be on the lookout for. I have a lot of clients on the business side that pay a lot of state taxes, and that would significantly increase their, uh, tax bill. Uh, the other one too, again,

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when we're talking about numbers, uh, eliminating the income, um, sales tax deduction portion, assault, the only people that really use this ones are people in no income tax states. And we throw out Florida, uh, Florida has been more Republican of a state, so I highly doubt if this is in there, you're gonna see the Florida Republicans say, oh yeah, we want this.

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Um, same with the other no tax states, which tend to be, uh, more conservative, uh, as well, like a Wyoming or place like that. So it's another one while it's in here. It's probably one that's not gonna be very viable. Uh, when they look at it, they have eliminating the entire home mortgage interest deduction. If you remember back in TCJA that was actually in the original bill.

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They were gonna get rid of it. There's a lot of pushback from the housing lobbyists saying that would actually crush the housing industry. Uh, so they scaled it back to 750,000 instead of getting rid of it altogether. They're also proposing 500,000. So I think, you know, two proposals to change, it kind of points more that hey, you might see a change. So maybe you wanna look at grandfathering debt if you can, if that's how the provisional work.

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We were not too sure getting rid of the non-for-profit status of hospitals. Uh, a little bit lower. You're gonna see they wanna get rid of the, uh, no income taxes for credit unions. Uh, a couple bonds muni bond exempt would no longer be there eliminating head of household, eliminating American Opportunity credit, getting rid of the lifetime learning credit, uh, replacing ah, HSAs with a $9,100 Roth style, uh, account, getting rid of meal

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and lodging per diems that are non-taxable, making those taxed, eliminating, uh, charitable deductions for health orgs, getting rid of, uh, the child independent care credit. Another one, I don't think you're gonna see much, um, buy-in from either side on that, just because that's one, especially with how expensive childcare is. It seems like that's almost a no go. Um, scholarship fellowship, income becoming taxable,

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that's a huge one, especially since most of it, you know, they'd have to switch up on how those withholdings are done. Uh, if you have, if an employer has an onsite gym, that would now be a taxable fringe benefit if that part of it goes. So another interesting provision, how, how that would work would be hard. We actually have to track how many times they use the gym or would you just charge all your employees a, a monthly fee

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for it and add as taxable income if they don't use it. Just 'cause you have a gym on site. Who knows? Uh, it's kinda like the, uh, the, the parking, uh, deduction that is no longer available. And I feel like that's one that a lot of practitioners just kind of ignore though, getting rid of the student loan deduction. Um, again, for interest, not huge there. Um, couple things with unions and DEI, uh, getting rid

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of the tax on tips tax on overtime, both things that were in the, in Trump's campaign. Exempting Americans abroad from income tax. And, and I like in the write up here too, it's unclear on this proposal whether the person wanted to raise the limit of the foreign earned income exclusion or just make all income earned from people outside the United States exempt. I mean, I'm sure there's people out there that would if lovely to the US

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and just have all their income exempt. Um, so that that's out there. Then we also have the auto loan interest deduction. So being able to get a deduction for your auto loan interest. Another, I mean, it's kind of weird to throw that in there if you're trying to scale back the mortgage interest deduction. But, uh, getting rid of the corporate A MT, we don't get into that 'cause you have

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to have a billion dollars in income for that to apply. Uh, getting rid of the, the, the estate tax, they tossed that tax in there. Uh, canceling amortization of RD expenses. This is something everyone on every side of the aisle has been asking for and just cannot get into any kind of bill, uh, corporate tax rate, either 20% or 15%. So another drop there. And, you know, those are really the main ones.

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Uh, all the, all the tax ones I, I found kind of interesting in here. And you can go through, there's a couple other ones I think our clients are gonna care about. Um, you know, all depending on what your client base is lot on Medicaid. Um, school I think is an important one for a lot of my higher worth cl uh, higher net worth clients. And when you get into it, uh, a couple things they would do is actually repeal

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Biden Save plan. Uh, they would actually look at redoing, uh, public student loan forgiveness. So reforming how public student loan forgiveness works and being able to get your student loans discharged in that. Um, Hey Nick, someone sent a chat in wanting to know if you can, could you throw the link out when you get a chance, like when you're done talking or whatever, throw the link out in the

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chat for everybody. Yeah, I'll toss it out there for everyone too. Uh, the other one too that was in here that I just wanna throw out for our, um, clients is the, this one sunsetting the grad and Parent Plus Loans. Now that's a huge one for a lot of, you know, our clients that have kids going in, uh, getting rid of interest capitalization is a huge one for people with student loans that are are public. Um, but yeah, you can read through the rest.

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I'm gonna toss it in the chat now just so I everyone can, you know, read it on their own, uh, time and look at it. Let me do that. Everyone in the meeting. Uh, it should be in the link now. If you guys wanna read it too, instead of me just regurg that regurgitating what's on there. So, yeah. Uh, now does this mean everything in here will be in a bill? No. Does it mean things that aren't

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in here will be in a bill? Probably, we'll probably get some other stuff here. This is just kind of their starting point that we think on negotiations and, and working through trying to get over the, this 2 22 15 issue. Um, especially when we have our decreases there. So April is when this seat and this seat will be filled. Um, the two 17 seat is, that's gotta be filled within I think 60 days

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of her resigning. They have to call for the election. So that won't be there. I probably would guess. You're not gonna see a bill even tried being passed until they get the highest number possible, just because the low, the closer this number is the 2 17, 2 15, the, um, more power. Each individual congress person has to basically say the bill's gone. Uh, so that's where we are with that.

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And I think it's, um, one of the ones that, you know, we should apply. Uh, somebody in the comment said, what about getting rid of tax on social security that is not in the house ways and mean document, unfortunately, um, unless it's in, I mean, I assume it's in the tax section. I haven't dug deep in the other ones. Um, so maybe it's in there, but I I, I don't think it's in there. So the other stuff going on, executive orders, uh,

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we have gotten several executive orders. Uh, honestly, two of them really impact us. Uh, the main one being the freeze on federal workers. And, and I guess, you know, conversely the, um, uh, work from home requirement changes and I guess, you know, again, it's not the executive order, but we also have the resignation email that went out offering people to, uh, resign and, and I guess, you know, the technical term is what they're doing is they're gonna be working

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for until September. Um, just not paid for that, or they are paid for that time. They're just not working for that time, I guess. Uh, so the big issue for us is just IRS and how many people can work there. Um, I didn't cover it in the the slide deck, but one of the, in the, the things, but one of the things they didn't propose is to get rid of all the funding. The IRS got in the inflation reduction act.

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So it just, anytime the IRS loses people doesn't get people coming in, less people working, it makes it harder for us just being able to contact them. Um, that's why you saw the rise of companies like, you know, a call ENQ that was able to fast track getting ahold of anyone at the IRS. So I, I think that one is gonna be one that's gonna be a little bit harder for us. Um, and really, you know, not too sure what, what,

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what's gonna go on with there, um, lawsuits too. I mean, every, everything basically that has, has gone on and everything is being sued for. Uh, so there's lots of lawsuits out there. I think from the tax side, there's not too much that's gonna affect us yet. Uh, but eventually, you know, we're gonna get more stuff down there that just keep in mind what's going on. Keep in mind what you can do for your clients

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and stuff pops up and happen. I think, you know, if anything you need to do this time, you know, if I was gonna look back to 2017 Nick and, and current day Nick, um, I would tell all my clients just stop watching the news. Because if you remember when that tax bill came up, there were so many news stories about what's gonna be in it, what's not gonna be in it, and all my clients email me what, they're not gonna let 4 0 1 Ks be a thing anymore,

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what the news says this is gonna happen. And at the end of the day, most of the stuff that it said would happen didn't happen on the news. So I'm telling my clients, I'm like, look, you know, we, we will give you updates when we think it's worth updating you on it. Um, but overall, don't just, you know, focus on that. Don't focus on the news. Focus on what we can do for our clients and what we can do to kind of help out,

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um, get them through when we do get the changes. Now, as those changes come and we start hearing about those changes, what we wanna do is we wanna then start putting our clients in the best position to take advantage of those changes. Or we might, you know, some of these things are gonna be tax revenue raisers. What do we need to tell our clients to make sure they're paying in enough money to cover their taxes if they're gonna

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owe more taxes this year? So all things, you know, especially if that head of household one applies, I'm gonna have to do a data scan on every single one of my head of household clients, be like, Hey, look, they're getting rid of this. Your taxes are gonna go up considerably and make sure they're prepared for that. That's what our job is and that's what we need to do as we,

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as we really focus on these. All right, so act season is starting. I, I had this as a, a general, just me and Jason can always chat about this. Um, just kind of what are we seeing so far? What's been going on? Honestly, I don't know about everyone else. And feel free to toss in the chat too. Um, I, I'm finding clients are getting stuff in slower. I don't know if that's what everyone's seeing.

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Um, but I feel behind today from where I was last year and the amount of work that's in, uh, I don't know if that's gonna pick up after we get the consolidated 10 90 nines and everything or what. Um, but it does seem like the client information's going in slower. I don't know if that, you know, who knows why clients do things. Uh, but a part of it might've been the IRSI. Yeah, I, I need to look back at my old notes.

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Uh, but I believe this is one of the later starts to filing season where it was what, September, or not September, uh, January 27th was when we could first file. Um, usually it's in the middle of January, so maybe our clients latched onto that. And, and that's what we've seen. Um, so I think that's been a huge thing. If you've been on this talk before, you know, I, one of the things I've been using is AI

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to help find new processes. And AI has really, it's been, if you look at the past month, a lot of changes have happened. Um, you know, we had China come out with their AI that is much, much more cost efficient than anything else ever created. And we're seeing people use it now for more automated tasks and we're trying to automate more tasks as well. So that, that's one of the things that I've been seeing. Um, oh yeah, I I, I love that idea.

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Uh, thanks to Mercedes, they, they pre-schedule their client meetings this month. Um, I have always thought about doing that. I've just never jumped on board of it yet, but it's definitely something I I've been thinking about, maybe trying out. Um, how about you, Jason? Have you been seeing anything, any trends, any new? I have had more people start uploading stuff than usual for this time of year,

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but it's not complete sets of data yet. So it's just like, oh, I got my W2, I'll send it in. That's different for me. Um, but as far as having actual returns that could be finished, I think I may have one that I could actually get out the door right now. So it's like a lot of partial data that people have sent in. Theresa says, I've noticed banks have changed their access. So having problems getting bank statements since December. That's, yeah, I don't really access my client's bank

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accounts too often. I've had a couple where we do full bookkeepings for, but I haven't, I haven't seen that pop up yet. Yeah, I mean, hopefully this tax season, you know, it, it's not a, a precursor. I always hate when things start later 'cause that means those hours have to be picked up later when we're already busy. Yeah. So hopefully, you know, things even out. And I, I think again, utilizing technology, um, I,

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I get these clients that do these piece mail emails, like, oh, here's my W2, here's the month later, here's my 10 90 nines. And, and just finding software solutions to help with those, organize those, I, I think has been one of my key aspects for this tax season. So I'm hoping that even on the back end, if time gets crunched, uh, later, that we'll be able to find the efficiencies using stuff like that. So that, that's kind of my thoughts as we enter tax season.

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I wish I had more of a tax season so far to to complain about or anything, but it, it, it's been pretty good. I mean, I, I have no complaints yet. Um, we're dealing a lot, you know, the BOI stuff, which I think I, I toss a payment in there. I Think we have BOI in here this time. Oh, darn it. I, there's another thing I need to hit on too. Um, so I'll, I'll convert over my BOI discussion.

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Um, while, while we were away, um, BOI made it all the way to the Supreme Court and the Supreme Court said, injunction, you can't be there. So we're getting rid of it. However, the Supreme Court only ruled on one term of law. There is a separate Texas case going on as we speak, which also did a nationwide injunction. However, it applied it to a different set of laws. So since the Supreme Court never looked at that set of laws when they made their considerations, BOI again,

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is on hold and it is a voluntary filing. People have asked me when do I think BOI filing will finally be determined? I'm saying April, April is probably when we'll get a better idea, which is good 'cause nobody wants this to happen in the middle of February or March, because that would drive all of us insane. And I actually think, I, I've been telling my people, you know, my team, I'm like, this is a good thing for us, especially if you guys do BOI things.

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'cause now every, we're gonna have so many client interactions over the next three months, we can check in. And I do think, I think we have a responsibility to inform our clients of BOI and we have a responsibility if we're not gonna file it to make sure they filed it. Hey Nick, we, we had a question come in. And this is, I guess this is a good point. Define BOI. Oh, sorry, yeah, BOI we talk about it so much,

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but BOI is the beneficial ownership information report. The, uh, SEN filings. So you go to fins send and you file whoever the beneficial owners are of your company or LLC or corporation. And that, that, that's BOI. Um, and it's something that we've been dealing with the start, the filing started 1 1 20 24 and it was going to, it's supposed to be done 12 31 20 24. It's not a yearly filing.

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It is going to be a onetime filing unless you switch your address. Or this is another key if you upload a driver's license or passport. And the number changes so it can expire, but when you renew it, if the number changes, you have to, um, update it. So driver's license, at least here, I mean, I mean I can't speak for every state, Virginia, we don't change our numbers.

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You carry your number over, uh, passports, you do change numbers. So we've had to have a couple who use passports. 'cause that's all they have. They live overseas. Uh, they don't have a driver's license anymore. And so those had expired, so we had to update them. And one, one, actually, they filed it and it was two months later, their passport expired. So they're like, oh, I gotta upload a new one. So basically you don't need to worry about filing it

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after the first one's done unless, you know, there's some kind of change there. Uh, planning for next year. I, I think, I think we kind of hit this a little bit already. Um, and, and you know, when I throw out what are we gonna do for estimated taxes next year, I, I think anytime we are in tax season now and we're helping for estimates, we need to take into consideration the news.

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So this year, probably more than any other year, I'm just, I'm killing it on the safe harbors. Every client is gonna get a safe harbor estimate, and that way they know what it is to avoid any penalties. I don't want 'em to come back tax law change. You didn't tell me about this. There's a penalty. What I'm gonna do, here's your safe harbors. Make these, you will avoid any penalties and don't worry about that. All right? So keep that in mind.

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Um, and it's definitely just do what you can to protect yourself from any kind of penalty exposure. I, I do think that's, um, what we want. And I was reading some other news. I, my last point here, I, I was reading some studies where they were looking at clients and, and actually looking at people who were at, you know, CPA firms, accounting firms, EA firms, all of the above. And they were asking clients, what more can they do for you? And it was like 70% of them said, oh,

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I wish I had more tax planning. And not only that, it was, we would pay for additional tax planning too, uh, from this large group of people. So as you're looking to expand your business, grow your business, I think tax planning is a great area where clients want that. You know, they're craving that and hopefully you can, you know, get that implemented. Uh, I use the software BNA tax planner for most

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of my clients to do my tax planning, great software. Um, I also use access for my tax return prep that also has a tax planning tool in there. But definitely if you can find something with a good deliverable, it, it's a great way to help grow your business. Nick Candace brings up on beneficial ownership information. She's one of those practitioners with an e and o policy that says, don't do it

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because it's the practice of law. So I guess that piece is highly variable, isn't it? Depending on who your carrier is. Different carriers have different perspectives on that. Yeah, with the BLI, some most carriers that I've seen have have pivoted. They originally said no, practice the law. They pivoted to, okay, you can, you can do it and we're not gonna kill you for it. Um, like Kako is one that did that.

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And the main reason why you started seeing a, a change was several states came out and they said, no, it's not a practice of law, as long as it's not complex. And every state that's really come out and made a decision on it, kind of had that same idea. Um, and it's only been, I think five states that have said something so far, but in general, they've said it's not a practice law unless it's complex.

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So I, I mean, I wouldn't, if my e and O isn't gonna cover it, I'm not gonna do that work. Um, but you know, if they're not, you know, just double check with 'em, see if they changed their position from what originally was. 'cause a lot have, uh, but yeah, I mean, at the end of the day, if your email is not covering it, penalties are huge on these. So you wanna make sure you have some kind of,

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um, uh, help there. And the other one I had on here too is, is PTE payments. Now we, we kind of pointed out, it looks like based on the, you know, this document, maybe PTE payments are going to be going away. Um, so what do we do when we get into that transition year if they do go away, you know, we're gonna have this time period where we might have to make estimated payments for PTEs, but it might not be a thing, you know,

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in, in the following year. So what can we do to kind of rectify that? Um, I don't have a solution for that yet. Uh, but I do think it's something that we need to be considering and, and really thinking about as, as we continue into tax season, we get tax law changes and all that. I make sure, depending on what state you're in, review how PTE works for your state

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and if PTE is gonna continue, if it ends, if the salt cap ends or if it ends at a certain date, because those are the three that are out there, if it ends at a certain date, you know you're gonna need your, what your, whatever your legislator is in your state to pass something to fix it. Um, some are tied to the actual salt cap, so if the salt cap gets extended, it automatically gets extended.

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So that's good for those states. Um, and then other ones are just like, if it's there, you get pt. If it's not, you don't get it. So make sure you kinda have an idea of what your state's like, uh, so that way you know, when the changes do make income, how to help your clients that are making PTE payments. All right. And Jason, I will switch over and I'll let you hit things that you wanted to cover.

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All right, so more material as time allows. So I always am the paranoid one who worries that we're going to run out of material before we run out of time. We never do. But, so my job is to always fill out the deck with other things. So I have a couple of new things that have come along in the last month that I wanted to talk about. And then as time allows, we have a deep dive.

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We probably won't get too far into that. It wouldn't be a monthly tax update if we didn't talk about the employee retention credit. We've talked about it in literally every monthly tax update. We've been doing this since May of 2021 and we'll probably be talking about ERC for years to come. Not much to say about it in the last month as far as like IRS guidance or anything. But I wanna try clicking on this link here. Um, the IRS is doing some things on enforcement

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with ERC. So this was, uh, I guess this would've been last week that this came out. There are these people who, um, have been indicted on filing fraudulent returns relating to ERC, and I'm not gonna read all of that to you. I know it's like, can't really read all of that. But, um, basically, so they, they are, I guess Nick, we could say the IRS is doing things against

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those credit mills. Um, and we'll probably be seeing, I'm guessing we'll be seeing more stories like this as uh, time goes on. Yeah, we have to remember too, it does take time to build a case to take it to court and all that. So, you know, once you start seeing those first cases, you're probably gonna start seeing a lot more because I mean, I'm sure most of 'em are gonna follow the same sort of timeline, um,

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to get from, Hey, we have a case against you. We're filing a complaint, we're taking you to court. So hopefully, you know, these aren't gonna be one and dones, we're gonna see a whole bunch come through just 'cause I so much fraud here and it, it made our life so hard as well having to deal with them. Well, and I want to click on this again, 8,000. This is probably one of the smaller ones, don't you think Nick?

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8,000 fraudulent returns filed. I mean, some of these places, tens of thousands of filings. Oh, you and I talked about that one time. We took a guess, how many filings do we think some of the big credit mills did? And we came up with maybe even like a hundred thousand or something. Yeah, it wouldn't surprise me if it's that high at all. Yeah, so there you go. That's our ERC, I call it ERC theater. So there you go.

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We have ERC mentioned. So the tradition continues. Uh, there is a recent security incident at Tax Dome, which is one of the, oh, it's like a practice management hub that a lot of firms use. And, um, you know, you can't really find a lot of articles about it. I did a Google search and really at accounting today, this article here is all that I really could find about it. There's a lot of chatter on social media about it,

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but not a lot of other info about it. So rather than focusing on, you know, what happened with that or whatever, I think it's more just good to talk about data security, especially with tax season starting. And, you know, it's not just our software, like our tax prep software that may be in the cloud, but your secure websites, your practice management software, um, if you're outsourcing or offshoring work, how are people in other countries accessing the data?

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There's nothing wrong with that, but you need a process. And remember the IRS, actually it's the Federal Trade Commission requires accounting firms that includes enrolled agents, it includes unenrolled, tax preparers to have a written data security plan. Um, that's not as daunting as it sounds if you're a small time operator like me. It can seem a little intimidating to try to get a data security plan put together.

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But I used IRS publication 45 57. There was a checklist in that and I created a, a data security plan in pretty short order there. Also, just a few months ago, the IRS released an actual template, like a template that you could copy and paste and then go through and edit to help you get started on that. I also, I, I've received several emails worded like this and I blacked out the name

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because I did a little Google search. The name is like a real person and he really is the owner of this, you know, such and such farms, LLC, and I think there's a phone number here that, that really is his phone number. And, uh, the email down here in the signature is like really his email. So I blacked that out. But this is fraud

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or a scam, a phishing scam. Phish. And, and you could see get the highlighter on here. If you look at the email address, this came from, it's an email address in Czechoslovakia is where it came from. And I've received several emails formatted just like this in a way that I don't think too many of our clients in the real world talk like this or write like this. This is just one example.

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I have several that have made their way not into my inbox outlook as a good job of tossing it in the junk folder, but it says the same thing. My previous tax accountant has recently retired. And I wanna ensure that I remain proactive in my tax preparation. My situation is relatively straightforward. I don't owe taxes and I can consistently pay estimated taxes on time. That wording, I've seen that in like three

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or four different spam emails just in the past couple of weeks. So, you know, be careful Now this, this one doesn't have any links to click on. Sometimes you'll get an email, one of these spam messages that'll say, my documents are here, click here to get my documents. Um, you know, obviously don't respond to these kind of emails and certainly don't click on any links in them. Um, get into, well, you know what, we have one more poll.

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Let's get the deep dive started till we get to the poll and then maybe we'll kind of stop and get into, you know, q and a or just other discussion with this deep dive. Sometimes we'll throw in something that's just a particular topic. A lot of times when I do it, it's what have I been working on recently as far as slide decks go? And it happens that I just went through a two hour session that I do on medical expenses.

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So it's like, oh, I'll just throw some of these slides into the deck about medical expenses and what's deductible on schedule A and what's not. Um, some of this is a moot point for two reasons for a lot of our clients. One is with itemized deductions of medical expenses, expenses have to be more than 7.5% of a GI to even start being deductible. And the other thing is with the very high standard deductions that came about in the tax cuts

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and Jobs Act, a lot of folks don't itemize anymore anyway. But if you have someone who does itemize, what's deductible potentially is a medical expense. So the way that I like to describe it is think about is the medical expense medically necessary and is it legal federally? So the common example that's given in like the tax textbooks of medical necessity is like someone is in an accident and they need some kind of, you know, plastic surgery,

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reconstructive surgery and or they have cancer or something and they need reconstructive surgery. That's medically necessary because it is, if you look at, I think it's in section two 13 of the code, the definition of medical expenses. Um, it, it talks about you're basically placing the body back to a state of health. So is it medically necessary?

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And then is it federal legally, for example, on federally legal medicinal marijuana, a lot of states have legalized that and in those states a Dr. May prescribe it, but the costs associated with that to our client are not deductible as a medical expense because it's still illegal federally. So go to publication 5 0 2, it contains an extensive list of examples of deductible versus non-deductible.

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So Terry asks a question for clarification on, you know, putting the body back in a state of health, what about pharmaceuticals? And I think what Terry's getting at is that pharmaceuticals might just kind of cover up the, the problem someone is having, but that would be treatment of an illness. So look at code section two 13. There's a, and even though I say this a lot of times in the session on medical expenses

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and also on my form 10 99 session about, uh, medical expenses reportable on 10 90 nines. The exact quote is escaping my brain at the moment, but it's the diagnosis, treatment, cure or mitigation of injury, illness or disease. So a medicine like a prescribed medicine would count as a medical expense because it is in fact treating even if it technically doesn't bring a body back to a state of health.

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Another question, Nick Joe wants to know that report that you provided didn't say anything about the child tax credit and Joe Wonders if you've heard anything else about the child tax credit and any changes with that. Yeah, there's actually a proposed bill right now by a Republican, I wanna say house member. It might be seventh though, I'm pretty sure it's house because it's not Cruz or the other one. Um, that would actually expand the child tax credit and, and make it larger.

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Um, so you know, it it's on the radar and I definitely think it's something that, you know, you might see. Uh, but yeah, nothing, nothing in what we have now. So outside of the one proposed bill that we have, I can't really talk about anything else that we might see. And if Frank says for data security plan, he used the IRS template and customized it to fit his company. That's a good idea. That's what I have done.

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Also, Nick, I'm guessing your firm's data security plan is probably a little thicker than, than someone like mine. I don't even know what it is. I mean, honestly we have, uh, our IT department and I just trust all those people to, to do everything that needs to be done. Right. You know, something else on that front Nick that popped into my mind is section 72 16 disclosures. We've talked about that a few times,

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but with tax planning, I mean, I guess if it's related to the tax return, that's probably okay. But you do have to be careful like with saying, Hey, we can do your BOI for you, make sure you have those section 72 16 disclosures because that's something, I mean, I feel like that doesn't get a lot of discussion a lot of times, but that comes with, you know, not just penalties, but up to a year in prison too. Yeah, prison's not fun to go to.

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So yeah, the only time we have 72 16 disclosure issues, we always wanna be on the lookout since the penalties are so high. Um, I think there's only been one or two cases actually where the government prosecuted with 72 16 as an issue. Uh, but you don't wanna be the first one where they try it out on. Right. Uh, but yeah, overall, anytime that you're using something

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for non-tax returns, you wanna make sure you have authorization to use it. Tax planning is fine because it's, it's, it's all in the compass of that engagement of it. But the one that I, I like pointing out to people say, uh, you know, some larger firms have like a wealth management branch, you cannot use tax return data to provide like marketing info for your wealth management branch to be like, oh,

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this person has a million dollars of capital gains every year. You should talk to them. Stuff like that is what you can't use. Same with BOI, I mean B OI is kind of a, a weird one. Reading the strict interpretations of 72 16, you shouldn't be able to use tax return information from BOI, but we have seen people out there using it and, you know, large companies and software companies advocating it.

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So, you know, I hate to be the one, you know, if you see somebody else doing it, it's okay, but at the same time, I especially since you have sign on from like CCH, um, that kind of advocates for it, then I, I think you're a little bit safer there. Do you recommend filing the BOI or not? Since you can technically still file it voluntarily? Uh, do you recommend going ahead and filing it or wait and see? I mean, I'm doing it for my client, so I wanna file it

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because I don't want it to be decided on, you know, March 20th with a deadline of March 30th and all of a sudden, you know, I have 10,000 clients coming to me saying, Hey, file this for me. So I have filed Albine as they come in and we wanna make sure we, we still tell our clients, Hey, voluntarily file, you know, we, we think the case is eventually gonna be decided where Bo OI is the thing and, and they just can't get rid of it.

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Um, but yeah, I'm more concerned in, in the long run in in the aspects there of, hey, this isn't gonna be fun if these decisions come out at a bad time for us. So any work we can get done now when we're not as busy is better for us than not from a client perspective. We have a lot that are just like, we don't wanna do that, we don't wanna file if we don't have to, that's fine and we respect that for our clients, but we wanna try getting the ones in that we can,