



As the year draws to a close, it is essential to assess your financial situation and consider strategies to optimize your tax position for the upcoming tax season. Please keep in mind that tax laws are subject to change at the whim of Congress. Also, this notification is not inclusive, but focuses on the most applicable developments affecting our clients.

- Review **income and expenses** to determine if there are any opportunities to reduce tax liability and that personal expenses are removed from business expenses.
- Ensure **Mileage Logs** are adequately completed to substantiate deductions.
- Review your **W4 forms & estimated payments** to ensure tax payments are adequate.
- Review **capital gains & losses** to consider selling any investments.
- Max out **retirement contributions** with consideration to limitations.
- Take **required minimum distributions (RMD)** if you reach the age of 72.
- Review **living trust assets & end of life decisions**.
- Be cautious of 3rd parties taking improper positions related to **Employee Retention Credit (ERC)**. Forms 941, business returns, & personal returns need to be amended for successful credit claims.
- For contracted services, ensure **Independent Contractor Agreements & Certificates of Insurance** are current.
- For rental agreements, ensure you have copies of current **lease documents**.

Information Returns: W2 & 1099 Forms are due by Wednesday 1/31/2024, or subject to penalties. These forms are required to be electronically filed if any combination thereof exceeds 10.

- Information (including QuickBooks files) must be **received in our office by 1/16/2024** to ensure timely filing.
- It is your responsibility to verify the recipient's name, address, and identifying number prior to submission.

NEW for 2023:

Bonus Depreciation. Bonus depreciation has been reduced to 80% of cost for tax year 2023 and 60% for 2024.

940 FUTA Credit Reduction. Once again, CA is subject to an additional .3% plus the .3% from 2022. This creates an additional tax obligation of .6% retroactive to 1/1/2023, or up to \$42 per employee.

CA SB 616 – Leave of Absence. Effective 1/1/2024, paid sick leave increases to **5 days or 40 hours**.

Client Portal. Our clients will have access to a client portal to remit and obtain copies of tax returns. More information will be available in the tax organizer.

NEW for 2024:

Beneficial Ownership Interest (BOI) reporting. **Required for Corporations, LLCs, or any other entity created under the guidelines of the Secretary of State.** The Corporate Transparency Act (CTA) requires the disclosure of the beneficial ownership information of certain entities to the Financial Crimes Enforcement Network (FinCEN) starting in 2024. This is not a tax filing requirement, but an online report to be completed if applicable to FinCEN. There are severe penalties for businesses who willingly do not comply with the requirements.

Minimum Wage. California minimum wage **increases to \$16** per hour effective January 1, 2024. Exempt employees must earn no less than twice the minimum wage, resulting in \$66,560 minimum salary. Some cities and counties may have a higher rate.

CA SB 553 – Workplace Safety. Effective 7/1/2024, covered employers will develop and implement a workplace violence prevention plan (WVPP), train employees on the plan, create incident logs, and perform various recordkeeping activities.

CA Industry Specific Laws. Minimum wage increases are expected for the fast food, health care and grocery store industries under separate legislative bills.

- AB 1228: Fast food restaurant employees will have a minimum wage of \$20 effective 4/1/2024.
- AB 525: Health care employees will have new minimum wage schedules effective 6/1/2024.
- AB 647: Grocery store employees are affected when there is a successor grocery store owner.

QuickBooks Desktop. Effective 7/1/2024, Intuit will no longer be selling most desktop versions.

Business Mileage Rate. Effective 1/1/2024, the IRS has set the 2024 mileage rate at **\$.67 per mile**.