

Client Memo

January 2024

As we finalize 2023 and begin a new year, Estep-Doctor & Company would like to remind you, as employers, of the following:

To efficiently process your 2023 W-2 and 1099 forms, we will need to have all of your information in our office **NO LATER THAN JANUARY 12, 2024.**

TAX RETURN DEADLINES FOR BUSINESSES:

Due to the high volume of tax returns prepared by our firm, the information needed to complete the tax returns must be received **no later than February 9, 2024** so that the returns may be completed by the original filing due dates. It may become necessary to apply for an extension of the filing deadline if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis.

Due Dates for December 31, 2023 year-ends:

Corporations	April 15, 2024
S-Corporations	March 15, 2024
Partnerships & LLC's	March 15, 2024
Trust and Estate Returns	April 15, 2024
Sole Proprietorship (Schedule C)	April 15, 2024

Not for Profits with a December 31, 2023 year-end date are due May 16, 2024. Not for profits are due on the 15th day of the fifth month after the end of the organization's tax year.

See page five under Miscellaneous Information for a list of items needed for us to prepare your tax return.

RECENT CHANGES

The elective deferral an employee can make to their traditional 401k is \$23,000 for 2024. There is an additional catch-up contribution for employees age 50 or older of \$7,500.

The elective deferral an employee can make to their Simple 401K or Simple IRA is \$16,000 for 2024. There is an additional catch-up contribution for employees age 50 or older of \$3,500.

EMPLOYEE INFORMATION

Payroll Taxes

The Employee's combined share of Social Security and Medicare tax for 2024 is 7.65%.

- Social Security is 6.2% of the first \$168,600 of earnings.
- Medicare is 1.45% of **ALL** earnings. An additional 0.9% surtax is added to earnings over \$200,000.
- As a result of the Patient Protection and Affordable Care Act, effective January 1, 2014, employers are required to withhold a 0.9% Medicare surtax. Employers should be mindful that the law requires an employer to withhold the additional Medicare surtax on wages or compensation in excess of \$200,000 to an employee in a calendar year. Employers are still required to withhold and match 1.45% on all employees regardless of gross earnings.

The State Unemployment Insurance (SUTA) merit rate notices are available in the correspondence history section of Uplink to obtain your 2024 tax rate. The taxable wage base will remain at \$9,500 per employee.

State & County Taxes

- Indiana state individual tax rate has been reduced to 3.05% for 2024.
- The current rate as of 1/1/24 remained the same for Delaware County is 1.5%, Madison County is 2.25%. & Randolph County is 3%. The rate for Blackford County increased to 2.5%. For a complete list go to <http://www.in.gov/dor/files/dn01.pdf>.

Payroll Documentation

- Forms W-4, WH-4, Indiana Employer New Hire, and I-9 must be completed and on file for each employee. Throughout the year as employees move, change marital status, or change withholding allowances you must obtain a new W-4.

Employee General Information

- Federal and Indiana minimum wage is \$7.25 per hour. However, some states have a higher minimum wage than the Federal rate. If the state minimum wage is higher than the Federal rate, workers are paid the higher amount.
- Tipped employee's wage per hour is \$2.13. Employees will need to receive \$5.12 in tips per hour or the tip credit to meet the \$7.25 minimum wage.

W-2 Forms

The Indiana Department of Revenue requires that all businesses that file more than 25 W-2s per year file their returns electronically.

IRS updates on July 7, 2023 highlighted an electronic filing mandate for the following forms:

Forms W-2, W-2AS, W-2GU, W-2VI, and Form 499R-2W-2PR, but not Form W-2CM, are **required to be filed electronically if employers are filing 10 or more such forms beginning with that year 2023**. In order to calculate the number of returns being filed to be subject to the mandate, employers must include all Forms W-2 as previously listed, as well as the following forms: Form 1042-S, the Form 1094 series, Form 1095-B, Form 1095C, Form 1097-GTC, Form 1098, Form 1098-C, Form 1098-E, Form 1098-Q, Form 1098-T, the Form 1099 series, Form 3921, Form 3922, the form 5498 series, Form 8027, and Form W-2G.

Form W-2C is required to be filed electronically only if the originally filed Form W-2 was required to be filed electronically.

Group Health Insurance cost is required to be reported on W2s for employers who filed 250 or more W2 forms in the prior calendar year.

If Estep-Doctor prepares your W-2 Forms and any of the following applies to your company for 2023, please **let us know immediately**:

- If any individuals that you employed in 2023 are now **deceased**, please provide their name and Date of Death. Special reporting requirements are required for deceased employees.
- If you provided **Group Term Life Insurance** and the insurance amount for any employee is in excess of \$50,000, please contact our office.
- If you have 3rd Party **Sick Pay** and your insurance company has made sick pay or short-term disability payments to employees, please provide documentation. We will also need to know if the insurance company will be issuing a W-2 for payments they have made.
- If you offer a **pension** or **401(K)** plan, please send us all of the pertinent information for inclusion on the W-2s.
- If you have employees with personal use of a **company vehicle**, we will need the Business-Owned Automobiles/Trucks form filled out. The Auto Benefit form is available to be downloaded on our website in the News, Links, & Resources section.
- If you **reimbursed mileage** in excess of 65.5 cents per mile or reimburse travel and entertainment as an allowance, please contact our office.
- If you have established a **Health Savings Account** plan, contact our office.

Mileage Rate

The mileage rate for travel reimbursement is 65.5 cents per mile, beginning January 1, 2023. **The 2024 rate has not been released yet.** An employer may use the business mileage rates to reimburse an employee for business use of a personal vehicle. The reimbursement will be treated as a tax-free accountable plan if the employee substantiates the time, place, business purpose and mileage on each trip.

Auto Benefit form is available for you to print from our website in the News, Links, & Resources section or by clicking this link - www.edcpa.com/news.

Employer Deposit Requirements for 941 Employment Taxes

When to make your deposits for the calendar year is determined by the total taxes reported on your Form 941.

If the total employment tax reported on form 941 for the period July 1, 2022 to June 30, 2023 is:

- Less than \$50,000, you are a monthly 941 employment tax depositor. (Taxes due the 15th of every month.)
- Greater than \$50,000, you are a semiweekly depositor. (If payday falls on a Wednesday, Thursday or Friday taxes are due the following Wednesday. If payday falls on Saturday, Sunday, Monday or Tuesday taxes are due the following Friday.)

Penalties up to 15% of your total employment tax liability may be assessed if you do not make required deposits on time.

MISCELLANEOUS INFORMATION

1099 Information Returns

You may be required to file certain information returns with the government for 2023. Failure to file these returns may result in the assessment of substantial penalties. If you believe that you are required to file any of these information returns, [please contact us](#). Recipients and Internal Revenue Service must receive their copies by January 31, 2024.

Form 1099-NEC is used to report non-employee compensation. Rent, other income, etc is reported on Form 1099-MISC. Each form type requires a separate 1096.

Use Tax

The state of Indiana has stepped up enforcement of the use tax law. Purchases from out-of-state vendors are generally subject to either Indiana sales tax or use tax. If you would have paid sales tax had you made the purchase in Indiana, you are required to pay a 7% use tax instead.

If you are selling goods or services out of state over the Internet, or if you have employees working out of state, you may need to file sales tax and/or income tax returns in those states. This is not something we normally prepare unless you tell us about out-of-state activity. If this is going on in your business, please speak with us about out of state activity.

Please contact our office for further information.

2024 Corporate Transparency Act Addendum

A new reporting rule goes into effect on January 1, 2024 requiring the filing of a special form directly online with the Financial Crimes Enforcement Network.

- Single member LLC's (even if filing Schedule C), multi-member LLC's, S Corporations and C Corporations that are not exempt must disclose beneficial ownership:
 - Within 90 days of formation of a new business in 2024; or
 - By December 21, 2024 for companies that were in existence before 2024.
- Beneficial owner information includes full legal name, date of birth, residential street address and passport or driver's license image (picture). A beneficial owner is an individual owning 25% or more of the entity, as well as officers, board members and non-owner managers.
- Ownership and address changes will have to be reported within 30 days of occurrence.
- Penalties for non-compliance are \$500 per day and up to 2 years in prison.

There are very few exceptions for small businesses, and newly formed LLC's and corporations have the biggest exposure for non-filing. Make sure you tell us about any new entities you establish.

Please get this information together, add it to your calendar and make sure the forms are completed.

Tax Return Information Checklist

Company Information Update

1. Has there been a change in ownership this year? If so, please provide new owner identification information, dates and percentages.
2. Have you opened or closed any locations this year – please provide that information as to physical address.
3. Please provide us a list with information of your owners' email addresses and cell phone numbers.
4. Please provide us with your website address: _____
5. Consider sales and income tax registration, collections and filing requirements in other states.

Normal year-end information needed for 2023:

1. Copies of any new bank loans obtained during the year.
2. Copies of any new leases signed during the year.
3. List by date, amount and individual of any new investments made into the company this year by the owners.
4. Copies of any federal or state tax correspondence received during the year.
5. Copies of any equipment purchased over \$500.
6. Loan payoffs, by loan number, of all business loans at December 31.

7. Copies of your year-end bank reconciliations(s) and bank statements.
8. 12/31/2023 Year-End Balances of:
 - a. Accounts Receivable \$ _____
 - b. Cost of Inventory on Hand \$ _____
 - c. Accounts Payable \$ _____
 - d. Unpaid 941 Deposit for December \$ _____
 - e. Unpaid State(s) Withholding deposits for December \$ _____
 - f. Unpaid Sales tax for December \$ _____
 - g. Unpaid wages earned through 12/31/23 _____
9. Year-end summary of business activity back-up, online access or hard copy of accounting software back-up, trial balance, etc.
10. Sales breakdown by state and city, if applicable. Call us to determine.
11. Copies of all four (4) quarters Form 941 and 2023 W-2s issues to employees.
12. All Forms 1099-K, 1099-NEC and 1099-Misc received.