



Volume 5 Issue 3

Fall 2024 Newsletter

Tax Laws and Tips for 2024

Tax laws are a little like vegetables. They can seem dull and uninteresting (especially without bacon), but they play a vital role in our lives. Ignoring or avoiding them can lead to unpleasant results. So, if you're a taxpayer, sit up and dig into this article—your serving of tax vegetables awaits. Keep reading for the essential tax reminders, tips, and updates you should know for 2024 filing.

Essential Reminders for 2024

» Beneficial Ownership Information Reporting

(BOIR): Businesses formed before January 1, 2024, must file their BOIR by December 31, 2024. (More information is provided on page 3 of this newsletter.)

» Annual Report Requirements in Pennsylvania:

Starting in 2025, businesses in Pennsylvania must file annual reports. The due date is June 30 for corporations and September 30 for LLCs. More details will be shared as they become available.

» 1099-K Forms:

1099-Ks will be issued to anyone who received over \$5,000 through sites such as eBay, Venmo, PayPal, etc. You must provide these forms to your accountant.

» Tax Correspondence:

Forward any tax correspondence from the IRS, the state, or local taxing authorities to your accountant. Some notices

are time-sensitive, and missing the deadline can cause severe or irreversible consequences. If you wait until tax time, it may be too late to do anything.

Tax Planning Tips

» Home Rentals:

Income from renting your home for 14 days or less is not reportable, and any related expenses are not deductible.

» Charitable Contributions:

Consider bunching charitable donations into one year to maximize the tax impact.

» Maximize Retirement Contributions:

Contribute the maximum amount to your retirement savings accounts to reduce your taxable income. For 2024, the maximum contribution limit for a 401(k) is \$23,000 (or \$30,000 if you are 50 or older). Contributions to traditional IRAs are also tax-deductible, depending on your income and participation in an employer-sponsored plan. For 2024, the maximum contribution limit for an IRA is \$7,000 (or \$8,000 if you are 50 or older).

» Tax-Advantaged Accounts:

Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) offer tax benefits many overlook. Contributions to these accounts are made pre-tax, reducing your taxable income. HSAs provide a triple tax advantage: contributions are tax-deductible, the

continued on page 2

funds grow tax-free, and withdrawals for qualified medical expenses are tax-free; however, you must have qualified medical insurance.

» **Residential Energy Credits:** Take advantage of credits available for energy-efficient home improvements, including:

- Solar systems
- Geothermal heat pumps
- Exterior doors and windows
- Insulation
- Central air conditioners
- Natural gas, propane, or oil furnaces and water heaters, and hot water boilers
- Heat pumps, biomass stoves, and boilers

These residential energy credits have varying limits, so consult your tax professional to determine how to maximize the benefits.

Real Estate Tax Tips for Like-Kind Exchanges

If you are considering selling a property for a significant profit, a like-kind exchange could be a useful tax strategy. A like-kind exchange allows you to trade one or more relinquished properties for one or more replacement properties, deferring the federal income tax on the transaction. Simply put, this exchange allows you to postpone capital gains tax. Keep in mind that you do need to pay the tax later. A like-kind exchange can be complex, so you will want to consult with a tax expert before buying or selling an eligible property. Here are several key rules that govern how the exchange works:

» **Property Type:** The traded property must be real estate (not equipment) held for business or investment purposes. Property for personal use, like a primary residence or vacation home, is typically not eligible. The traded property must be

exchanged for a property of the same kind, also known as like-kind.

- » **Qualified Intermediary (QI):** A QI, also called an exchange facilitator, must manage the proceeds from the sale of the relinquished property. This person cannot be the property owner's relative, attorney, bank, employee, accountant, or real estate agent.
- » **Identification Period:** The taxpayer has 45 days from the closing date of the relinquished property to identify potential replacement properties.
- » **Replacement Deadline:** The replacement property must be purchased within 180 days of the sale of the relinquished property or by the tax return due date for the year of the sale, whichever comes first.
- » **Reverse Like-Kind Exchange:** In a reverse exchange, the replacement property is acquired before the sale of the relinquished property. The taxpayer has 45 days to identify the property being relinquished and must complete the transaction within 180 days.

Final Reminders

As always, keep your tax preparer informed of any financial changes or plans that could affect your tax situation. Proactive communication allows your preparer to minimize tax impacts and fully leverage available tax benefits. If your tax preparer sends a tax organizer, be sure to complete it so that nothing is missed on your tax return. 🕊



BOIR: A New Reporting Requirement for LLCs and Corporations

If you own an LLC or corporation, you need to know about a new federal law that took effect on January 1, 2024. This law requires LLCs and corporations to file a special form online with the Financial Crimes Enforcement Network (FinCEN). The new law aims to prevent money laundering and other financial crimes by requiring companies to submit "beneficial ownership information" on a report called the BOIR (Beneficial Ownership Information Report).

Who is considered a beneficial owner?

A beneficial owner is an individual who owns or controls at least 25% of the company, as well as all officers, board members, and non-owner managers.

Which entities are subject to the new reporting requirement?

- » Single-member LLCs (including inactive entities)
- » Multi-member LLCs
- » S-corporations
- » C-corporations (unless exempt)

Are there any exceptions?

Nonprofits and businesses with over 20 employees and more than \$5 million in revenue the previous year are not required to file.

What information is required?

For each beneficial owner, you must provide the individual's full legal name, date of birth, residential address, and a photocopy of an acceptable identification document. Acceptable forms of identification are a non-expired U.S. passport, driver's license, or state-issued identification document.

continued on page 4

Team Member Spotlights

Curt Weaver



Career. My wife suggested Gehman as my next career because she heard positive feedback from friends who worked here. At first, I did not share her intuitive sense that it could be a providential opportunity. Later, I, too, sensed God's leading. I serve as the COO and October 2024 marks four years.

Books. Christian biographies inspire me because they show how God is working to accomplish His redemptive purposes in the world.

Family. I am married to Tresa, and we have five adult children and two granddaughters. We absolutely love being grandparents!

Goals. I'd like to be more curious and proactive about helping to create a sustainable, positive employee culture. 🕊

Laurie Hoover



Career. A friend of a friend told me that Gehman Accounting was looking for someone with strong writing skills—and that's how an English major from Indiana ended up at an accounting firm in Pennsylvania in 2011. I manage the secretarial team and write/edit for the company as needed.

Books. I'm a bibliophile (book collector). My favorite collection is the works of Charles Dickens, printed in the 1800s with a hunter-green cloth cover and gold embossing. It comes from my late brother's library.

Family. I'm the youngest of 7 children, the proud aunt of 22 nieces and nephews, and a great-aunt to 10 more.

Learning. I would love to build on my one year of college French and reward myself with a trip to France.

Places Lived. I grew up in Goshen, Indiana (in three different houses but always on County Road 13), transitioned to adulthood as a college student in Pensacola, Florida, migrated to Roanoke, Illinois, to teach junior high and high school students, and finally landed in Lancaster County, Pennsylvania. 🕊

Bulletin Board

New Faces at Gehman —

Emily Ludwig – Payroll Team

Aaron Siegrist – Sales Team

Gabrielle Sadler - Secretarial Team

Tax Planning —

Schedule your consultation soon to stay ahead of the year-end rush!

Tax Organizers arrive in December!

Table of Contents

Tax Laws and Tips for 2024	1
BOIR: A New Reporting Requirement for LLCs and Corporations.....	3
Team Member Spotlights	3
Bulletin Board	4

Inspiring Confidence™

Gehman Accounting™
180 Diller Avenue • New Holland, PA 17557
12485 Old Turnpike Road • Mifflinburg, PA 17844



continued from page 3

When are the reporting deadlines for the BOIR?

- » Within 90 days of forming a new business in 2024;
- » Within 30 days of forming a new business on or after January 1, 2025;
- » By December 31, 2024, for companies in existence before 2024; or
- » Within 30 days of occurrence for any updates or corrections to beneficial ownership information that was previously filed. (This includes updates

such as address changes and the addition or resignation of officers, board members, and non-owner managers.)

More information about filing the BOIR report is available online at www.fincen.gov/boi. You may also contact Gehman Accounting for an informational sheet with a list of local attorneys who can file the BOIR on your behalf. 