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2024 Year-End Tax Planning Seminar

December 5, 2024

Housekeeping Items

All Attendees Will Be
Muted During
the Webinar

Webinar Will Be
Recorded and Shared
With Attendees

Questions Should
Be Submitted via the Questions
Tab

Agenda

1. Welcome & Introductions
2. Financial & Individual Tax Planning
3. Corporate Transparency Act (CTA)
4. Business Tax Planning
5. Post-Election Updates & What's Next
6. Corporate Tax Planning
7. Q&A and Wrap-Up

Our Speakers

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Personal Tax & Financial Planning

Presented by Andrew Thompson, CFP®

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Tax Efficient Investing Considerations

- Mutual Fund owners: Beware, year-end capital gain distributions!
- Asset location matters
- Sexy sounding investments = Trouble

!Crypto Mania!

Crypto’s Tax Loss ‘Loophole’ Opportunity

Wash Sale Rules Need Not Apply

Here's How to Take Advantage…

Retirement Plan Contributions

2025 Enhancements

- Increased retirement plan contribution limits
- 401(k) / 403(b)/TSP = $23,500 + $7,500 (50+) ***+ 150% of the catch up for those 60-63 (+$3,750)***
- IRA / Roth IRA = $7,000 + $1,000 (50+). No change from '24
  - Income limits & other rules apply…

Business Owner Alert: *If you have at least (1) W-2 employee, you must offer access to a retirement plan option (MarylandSaves.com).*

Advanced Roth IRA Funding Strategies

Indirect Roth IRA Funding

- Income limits ($236k for MFJ, $150k for S) for direct Roth IRA contributors
- Workaround…
  - Best to have no pre-tax IRA dollars present (move to qualified plan if circumstances are optimal)
  - Need to have both an IRA and Roth IRA set up
  - Fund IRA with $7,000. No tax deduction taken.
  - Convert full contribution amount to Roth IRA.

'Mega' Indirect Roth Funding Strategy

Criteria

- Must have access to current 401(k) or other Qualified retirement plan
- Employer plan must allow after tax contributions
- Confirm employer plan allows in-service rollovers or conversions to Roth 401(k)

Excess 529 Money?

We've Got A Solution For That!

- Secure Act 2.0 provides an interesting opportunity for those with leftover money in a 529 savings account.
- You may use up to $35,000 to fund a Roth IRA for the beneficiary provided the following conditions are met:
  - The account has been opened for at least 15 years
  - The beneficiary has earned taxable income equal to the amount of the contribution ($7,000 limit for '25)
- Another consideration for excess 529 money? You may use up to $10,000 towards K-12 tuition. And of course you may transfer excess money to other family members.

Effective Ways to Give

3 Levels of Effectiveness

LEVEL 1

Good

Giving cash to charity

LEVEL 2

Better

Giving stock to charity

LEVEL 3

Best

Accelerate future giving (3-5 years' worth) into current year via a donor advised fund using highly appreciated stock

Use the cash you would've used to give to charity to buy back the stock you donated.

Polling Question #1

Which of the following approaches to charitable giving is most effective?

A. Giving cash

B. Giving highly appreciated securities

C. Accelerating the next several years' worth of giving via a DAF and donating highly appreciated stock

Individual Tax Planning

Presented by Liz Wilcom

Benefits of Year-End Tax Projections

1. Analyze current tax position and implement tax planning strategies before year-end

2. Accomplish multi-year planning by considering future tax rates and filling low-rate income buckets

3. Review withholding and estimated payment needs

4. Visibility, cash-flow planning, avoiding surprises

Retirement Accounts

- Max out pre-tax retirement accounts
- Defer initial year RMD
- Roth Conversions
- Qualified Charitable Distributions (QCD's)

	2024	2023
IRA Contribution Limits (Age at Year-End):		
Under Age 50	$7,000	$6,500
Age 50+	$8,000	$7,500
Simple Retirement Accounts Elective Deferral Limits (Age at Year-End):		
Under Age 50	$16,000	$15,500
Age 50+	$19,500	$19,000
401(k), 403(b), 457 & SARSEP Elective Deferral Limits (Age at Year-End):		
Under Age 50	$23,000	$22,500
Age 50+	$30,500	$30,000
Profit-Sharing Plan / SEP Contribution Limit	$69,000	$66,000

Itemized Deductions

- Bunching deductions
- Paying down personal debt first

Standard Deduction	2024	2023
Joint or Surviving Spouse	$29,200	$27,700
Single	$14,600	$13,850
Head of Household	$21,900	$20,800
Married Filing Separately	$14,600	$13,850

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Miscellaneous

- HSA contributions
- Accelerate installment sales payments
- Arrange with employer to defer bonus payments to next year
- Business/SE Income – defer income/accelerate deductions

	2024	2023
Health Savings Accounts (HSAs):		
Self-Only Contribution Limit	$4,150	$3,850
Family Contribution Limit	$8,300	$7,750
Age 55+ (at Year-End) – *Additional Contribution Limit*	$1,000	$1,000
Sources:	Rev Proc 2023-23	Rev Proc 2022-24

Other Considerations

- TCJA is set to sunset at the end of 2025
- IRMAA and taxability of SS benefits
- 83(b) Elections
- SMLLC vs. S-Corp status
- MFJ vs. MFS
- Dispose of passive activity to release suspended losses

Example

	2023	2024	2025	Total
Income				
Wages	500,000	300,000	300,000	1,100,000
Interest & Dividends	39,000	39,000	39,000	117,000
Capital Gains	5,000	5,000	5,000	15,000
Self Employment Income	25,000	25,000	25,000	75,000
Total Income	**569,000**	**369,000**	**369,000**	**1,307,000**
Adjustments				
SE Tax Deduction	1,766	1,766	1,766	5,298
Adjusted Gross Income	**567,234**	**367,234**	**367,234**	**1,301,702**
Deductions				
Charity	12,000	12,000	12,000	36,000
Taxes	10,000	10,000	10,000	30,000
Total Itemized Deductions	*22,000*	*22,000*	*22,000*	*66,000*
Standard Deduction	*27,700*	*29,200*	*30,000*	*86,900*
Higher of Itemized vs. Standard	27,700	29,200	30,000	86,900
QBI Deduction	300	4,947	4,947	10,194
Total Deductions	**28,000**	**34,147**	**34,947**	**97,094**
Taxable Income	**539,234**	**333,087**	**332,287**	**1,204,608**
Tax (Federal)	**132,232**	**68,817**	**68,234**	**269,283**

Facts

- Taxpayer's wages are generally $300k each year. He is expecting a large bonus of $200k in 2023.
- Spouse has a small business which nets around $25k each year.
- Making donations to charity of about $12k each year.

Example Continued

	2023	2024	2025	Total	*Change*
Income					
Wages	500,000	300,000	300,000	1,100,000	
Interest & Dividends	39,000	39,000	39,000	117,000	
Capital Gains	5,000	5,000	5,000	15,000	
Self Employment Income	15,000	35,000	25,000	75,000	
Total Income	**559,000**	**379,000**	**369,000**	**1,307,000**	
Adjustments					
SE Tax Deduction	1,060	2,472	1,766	5,298	
Adjusted Gross Income	**557,940**	**376,528**	**367,234**	**1,301,702**	
Deductions					
Charity	36,000	-	-	36,000	
Taxes	10,000	10,000	10,000	30,000	
Total Itemized Deductions	*46,000*	*10,000*	*10,000*	*66,000*	
Standard Deduction	*27,700*	*29,200*	*30,000*	*86,900*	
Higher of Itemized vs. Standard	46,000	29,200	30,000	105,200	*18,300*
QBI Deduction	300	6,805	4,947	12,052	*1,858*
Total Deductions	**46,300**	**36,005**	**34,947**	**117,252**	*20,158*
Taxable Income	**511,640**	**340,523**	**332,287**	**1,184,450**	*(20,158)*
Tax (Federal)	**121,078**	**72,097**	**68,234**	**261,409**	*(7,874)*

Recommendations

- Accelerate business deductions
- Accelerate charitable donations

Results

- Deferred $10k of SE income to 2024
- Itemizing deductions in 2023, and taking the standard deduction in 2024 & 2025
- Greater QBI deduction in 2024 (disallowed in 2023 due to income limitations)
- About $7,900 in Federal tax savings over 3-years

Gifting & Estate Planning

- Take advantage of current annual exclusion and lifetime exemption by making outright gifts.
- Elect to treat 529 contributions as paid over 5-years
- Gift from joint account to avoid 709 filing requirements
- Effective ways to give

Gift Tax Annual Exclusion

	2024	2023
Gift tax annual exclusion	$18,000	$17,000
Source:	Rev Proc 2023-34	Rev Proc 2022-38

Estate & Gift Tax Applicable Exclusion Amount

	2024	2023
Estate and gift tax exclusion[1]	$13,610,000	$12,920,000
Source:	Rev Proc 2023-34	Rev Proc 2022-38

Polling Question #2

The annual gift tax exclusion for 2024 is:

A. $15,000

B. $17,000

C. $18,000

Corporate Transparency Act (CTA)

Presented by Dan Gartrell

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* BREAKING NEWS! *

CTA Blocked Nationwide by Texas Court!

Texas Top Cop Shop, Inc., et al v. Garland, et al.

Previously, Federal District Court Ruled the CTA Unconstitutional…

- On March 1, 2024, the U.S. District Court for the Northern District of Alabama ruled that the CTA is unconstitutional on the grounds that it exceeds Congress' enumerated powers, including its authority over foreign affairs, the Commerce Clause, the taxing power, and the Necessary and Proper Clause.
- The court enjoined the government from enforcing the CTA against the specific plaintiffs in the case – the National Small Business Association (NSBA) and one of its individual members. The government filed an appeal with the Eleventh Circuit on March 11, 2024, and while there are other pending federal cases that challenge the constitutionality of the CTA, it will likely take time for the courts to resolve the issue nationwide.
- While NSBA members as of March 1, 2024, may currently enjoy a reprieve from CTA reporting obligations, FinCEN has affirmatively stated its view that all other reporting companies are still required to comply with the CTA.

UPDATE

Single-Member LLCs That Are Disregarded Entities Cannot Rely on Large Operating Company Exemption

- The CTA includes 23 categories of exemptions from the definition of “reporting company,” generally for entities already subject to substantial federal or state regulation under which beneficial ownership may be known. To qualify for the “large operating company” exemption, an entity must satisfy the following criteria:
  - Employ more than 20 full-time employees in the United States;
  - Maintain an operating presence at a physical office in the United States; and
  - Have filed a federal income tax or information return in the United States for the previous year demonstrating more than $5 million of gross receipts or sales, excluding gross receipts or sales from sources outside the United States.
- Although the CTA does not permit entities to consolidate employees across affiliated entities for the employee headcount, entities that are part of an affiliated group filing a consolidated tax return may use the aggregate amount of gross receipts or sales reported on the consolidated return.
- A single-member limited liability company (LLC) that has not elected to be taxed as a corporation is “disregarded” as an entity separate from its owner for U.S. income tax purposes, and the owner of the LLC reports the LLC’s income and deductions on the owner’s federal income tax return. As a result, because disregarded LLCs do not file their own income tax return, and because LLCs cannot be part of an affiliated group of corporations filing a consolidated tax filing return, disregarded LLCs do not meet the requirements for the large operating company exemption.

No EIN? No Problem!

Disregarded Entities Do Not Need to Obtain a Separate EIN for CTA Reporting Purposes

- If a disregarded entity has its own EIN, it should report that EIN as its TIN. There is no requirement for a disregarded entity to obtain its own EIN if it can provide another TIN for BOI reporting purposes per the below (or, if a foreign reporting company, a foreign tax identification number).
- If a disregarded entity has a single individual owner with a SSN or ITIN, it may report the owner's SSN or ITIN as its TIN.
- If a disregarded entity is owned by a U.S. entity that has an EIN, it may report the owner's EIN as its TIN.
- If a disregarded entity is owned by another disregarded entity or a chain of disregarded entities, it may report the TIN of the first owner up the chain of disregarded entities that has a TIN as its TIN.

UPDATE

Updating Your BOI Reports?

- In addition to filing initial BOI reports, a reporting company must file an updated BOI report if there are changes concerning the reporting company or its beneficial owners within 30 calendar days after the date on which the change occurs.
- For example, a target that is a reporting company is obligated to file an updated BOI report following an M&A transaction in which the target's ownership changes.
- Similarly, if a reporting company has filed inaccurate information in its BOI reports, a corrected BOI report must be filed within 30 calendar days after the owner, or the reporting company, becomes aware (or has reason to know) of any inaccuracy.
- To ensure a reporting company's compliance with the CTA's reporting obligations, it is recommended to include covenants in governing documents that require relevant information to be updated.
- For example, officers, directors, or managers and other beneficial owners should provide or update information relating to any changes of information required to be reported under the CTA (e.g., a change in a beneficial owner's legal name, address, or acceptable identification document) in a timely manner and to cooperate with the reporting company with respect to its CTA analysis and filings.
- Each officer, director, or manager and other beneficial owner should also consent to the disclosure of such information to FinCEN.

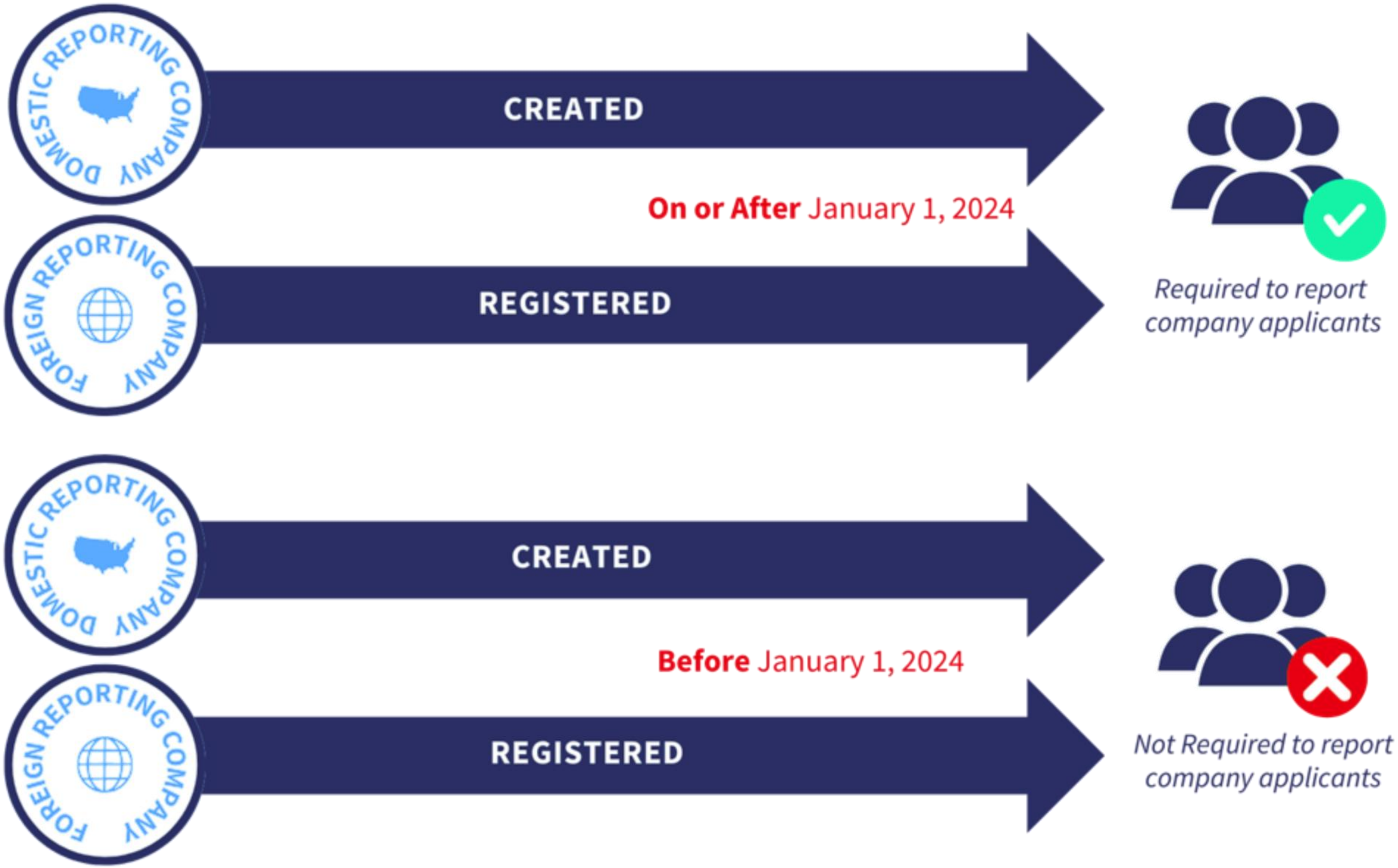
Subsidiary Exemption, or a TRAP?

- The CTA "subsidiary" exemption is drafted differently than most other situations where control-based subsidiary concepts apply.
- The CTA definition is based on ownership or control "of the ownership interests" of a reporting company, not control of the entity itself, its voting securities, or management of the entity.
- The CTA final rule (as amended, BOI Rule) also omitted to clarify the meaning of control as used in the exemption and only clarified that the ownership requirement is interpreted to mean "wholly owned."
- After protracted speculation by law firms as to interpretations around "control," FinCEN clarified on January 12, 2024, in FAQ L.6 that "[i]f an exempt entity controls some but not all of the ownership interests of the subsidiary, the subsidiary does not qualify.
- FinCEN still has not defined "control" for purposes of the CTA subsidiary exemption, and the resulting ambiguity creates an incentive for reporting companies to err on the side of making a CTA filing.

Exceptions Refresher

Most Small Businesses Won't Fit; The Penalties for Failure to Comply are Steep!

1. Securities reporting issuers
2. Governmental Authorities
3. Banks
4. Credit Unions
5. Depository Institutions
6. Money service businesses
7. Brokers or dealers in securities
8. Securities exchange or clearing agencies
9. Other exchange Act registered entities
10. Investment companies or investment advisors
11. Venture capital fund advisers
12. Insurance companies
13. State-licensed insurance producers
14. Commodity Exchange Act registered entities
15. Accounting Firms (registered Sarbanes-Oxley Act)
16. Public Utilities
17. Financial market utilities
18. Pooled investment vehicles
19. Tax exempt entities
20. Entities assisting tax exempt entities
21. **Large operating companies (more than 20 FTEs, $5 million in gross receipts, physical office in the U.S.)**
22. Subsidiaries of certain exempt entities
23. **Inactive entities (not foreign owned, not sent or received funds greater than $1,000, no assets)**


DOMESTIC REPORTING COMPANY
CREATED
On or After January 1, 2024
FOREIGN REPORTING COMPANY
REGISTERED
Required to report company applicants
DOMESTIC REPORTING COMPANY
CREATED
Before January 1, 2024
FOREIGN REPORTING COMPANY
REGISTERED
Not Required to report company applicants

Polling Question #3

How many full-time employees do you need to meet the CTA's "large operating company" exception?

A. 50
B. 40
C. 20

Business Tax Planning

Presented by Zach Landon

Changes From 2023 Tax Year

Limited Tax Law Changes from '23 to '24

- Bonus depreciation decreased to 60% of basis (acquisition costs) in comparison to 80% for 2023
  - Bonus deprecation can only be taken on qualified property
  - Under current law, will decrease to 40% in 2025, 20% in 2026, and 0% in 2027
- Section 179 deduction
  - Similar to bonus, allows for accelerated depreciation on qualified property placed in service during the year
    - Section 179 deduction cannot cause an overall business tax loss
    - If a business places more than $3.05 million of qualifying property in service during 2024 ($3.13 million in 2025), the deductions are phased out

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Timing of Business Deductions

- Depending on which tax bracket an individual expects to fall into will impact how they will want to plan the tax year for 2024
- Manage deductions and income to "fill-up" the 10-24% tax brackets (Up to $364,200 for MFJ filers).
  - If taxable income will be below $364,200, with projected income growth in future years, strategize to accelerate income up to the $364,200 of income.
  - If taxable income will be above $364,200, with projected income decrease in future years, the opposite approach should be taken to accelerate expenses in the current year.
    - Strategies should be evaluated every year based on each individuals taxpayer situation.

Common Year-End Business Deductions

Year-End Bonuses

- If cash basis, bonuses needed to be paid by year-end to take advantage of the deduction.
  - If you are in a high tax bracket, likely want the bonuses to be paid by year-end to take advantage of the deduction in current year
  - If business income is lower for current year, but expected to increase in 2025, does it make sense to pay the bonuses in early 2025?
- Accrual basis
  - Deduct bonuses in the year the all events related to the bonuses are established and paid out within 2.5 months after year-end
    - Special rules for officer compensation
    - Timing of when bonuses are paid for tax planning

Common Year-End Business Deductions

12-month prepaid expense rule for accrual basis taxpayers

- Allows for the deduction of a prepaid expense in the current year if the right or benefit paid for does not extend beyond the earlier of: 12 months after the right of the benefit begins, or. the end of the tax year following the tax year in which the payment is made

Cash basis

- Prepayment of expenses such as health insurance, software subscriptions, etc.
- Paydown of accounts payable and vendors
- Note: Paydown of debt, payment of distributions, and credit card payments will not lower cash basis income

Business Deductions

PARTNERSHIPS

- A partner's share of partnership losses is deductible only to the extent of their partnership basis as of the end of the partnership year
- Basis can be increased by:
  - Increasing capital contributions
  - The partnership itself borrowing money or
  - A partner taking on a larger share of the partnership's liabilities before the end of the partnership year

S-CORPORATIONS

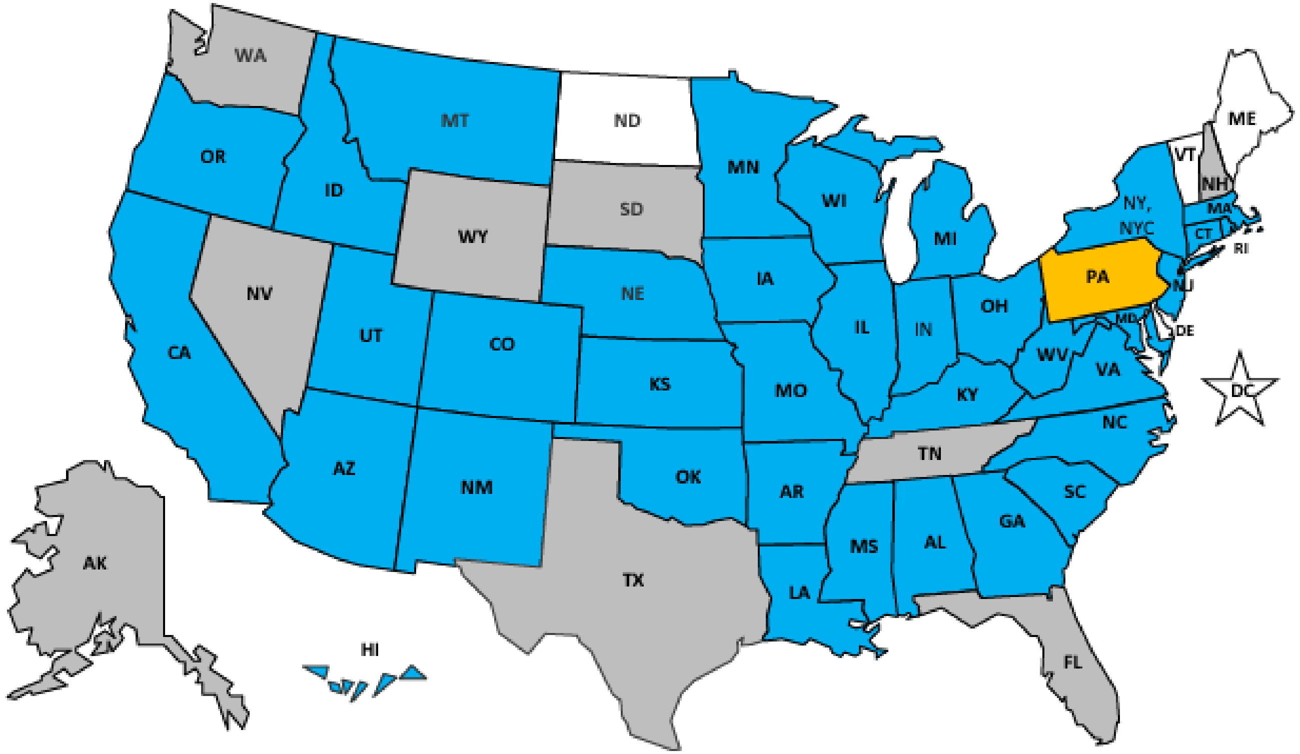
- A shareholder can deduct its pro rata share of S Corp losses only the extent of the total of its basis in the S Corp stock
  - This determination is made at the end of the S Corp tax year in which the loss occurs
- Any losses or deductions that cannot be used due to this limitation may be carried forward indefinitely
- Be careful with 461 losses as losses from all trade and businesses are limited
- For taxpayers who will generate business losses and cannot accelerate income for the current year conversion to ROTH IRA's is a great way to utilize business losses.

Qualified Business Income (QBI) Deduction

- Through 2025, the QBI deduction can be up to 20% of a business owner's qualified business income
  - Subject to limits that apply when the owner's income reaches a certain levels
- For 2024, if taxable income exceeds $383,900 for taxpayers filing a joint return, the QBI deduction is limited if the taxpayer engages in service-type business (SSTB)
  - At this income level, the deduction could also be limited by the amount of W-2 wages paid by the business and the unadjusted basis of qualified property by the business
  - Limits are phased in, starting when taxable income exceeds $383,900 for joint filers and fully phased in when taxable income reaches $483,900
  - For other filers, limits start when taxable income exceeds $191,950 and is fully phased in when taxable income reaches $241,950
  - The QBI deduction is scheduled to go away after 2025
  - Taxpayers with income near the threshold could benefit from accelerating deductions or deferring income, to get taxable income below the threshold

States with Pass-Through Entity (PTE) Level Tax

As of May 14, 2024



36 states (& 1 locality) that enacted a PTE tax since TCJA SALT deduction limitation, effective for 2021 (or earlier) unless noted:

AL, AR[1], AZ[1], CA, CO[3], CT[4], HI[2], GA[1], IA[1], ID, IL, IN[1], KS[1], KY[1] (& KY) ,LA, MA, MI, MD, MN, MO[1], MS[1], MT[2], NC[1], NE[3], NJ, NM[1], NY, OH[1], OK, OR[1], RI, SC, UT[1], VA, WI, WV[1], and NYC[1]

[1] Effective in 2022
[2] Effective in 2023 or later
[3] Retroactive to 2018
[4] Mandatory 2018-2023, elective starting 2024

1 state with active proposed PTE tax bills:
PA – SB 659 in Senate committee; HR 1584 in House committee

9 states with no owner-level personal income tax on PTE income:
AK, FL, NH, NV, SD, TN, TX, WA, WY

4 states with an owner-level personal income tax on PTE income that have not yet proposed or enacted PTE taxes:
DC, DE, ME, and ND

State Income Tax Deduction Workaround – PTE

- Generally, both federal and state income tax on pass through entity's taxable income is paid by the entity's owner
  - Due to individual limits on state and local income tax, this can limit owners' deduction for state income tax
- Workaround
  - The Pass-through entity tax (PTET) election allows pass-throughs to elect to pay state income tax at their business' level
    - Essentially, the entity elects to pay the state income tax due before it flows to the owner's taxable income and be subject to state income tax at the owner level
    - The federal itemized deduction cap for SALT that applies to individuals doesn't apply to the pass-through entity
    - The state income taxes reduce the business income that flows to the entity's owner
- Currently 36 states and one locality offer the PTE workaround
- Pitfalls
  - States have different timing of elections
  - If there are multiple owners in difference states, additional analysis should be completed to determine if the elections benefit everyone
  - Some states have a non-revocable election (EX: MD)

Polling Question #4

What state has enacted the pass-through entity level tax?

A. Pennsylvania
B. Delaware
C. Maryland

Post-Election Updates & What's Next

Presented by James Eaton

Tax Legislative Outlook

- GOP Trifecta = still have to use Budget Reconciliation
  - Simple majority required to pass bill
- Limitation of budget reconciliation bill
  - Cannot worsen deficit beyond the "budget window" (reason why much of 2017 law is set to expire)
  - Determining revenue target for the bill – how much of cost will be paid for vs added to budget deficit
  - Cost conscious GOP – debt and deficit a main concern
- "Two bites at the reconciliation apple" in 2025?
  - Initial bill focused on extension of expiring tax provisions (prior to September 30 fiscal year-end)
  - Second bill addressing other campaign tax promises such as a lower corporate tax rate for American manufacturers (in fiscal year 2026 which begins on October 1, 2025)

Tax Rules Requiring Action

Individual

- Individual income tax rates and brackets revert to 2017 levels, adjusted for inflation (top rate goes from 37% to 39.6%)
- 20% Qualifying Business Income (QBI) deduction eliminated
- Standard deduction will be roughly cut in half
- SALT cap of $10,000 goes away
- Mortgage interest acquisition indebtedness threshold returns to $1M (currently $750k) and interest on home equity debt of up to $100k allowed again (none allowed currently)
- Deduction for miscellaneous itemized deductions subject to 2% of AGI floor & personal casualty & theft losses returns

Tax Rules Requiring Action

Individual

- Pease limitation on itemized deductions for higher income levels returns
- Personal exemptions return
- Child Tax Credit reduced from $2,000/child to $1,000/child and will phase-out at lower income levels
- Alternative minimum tax (AMT) exemptions and phase-outs revert to lower pre-TCJA levels (AMT much more likely)
- Estate tax exemption reduced to 2017 levels, as adjusted for inflation (roughly cut in half)

Tax Rules Requiring Action

Business

- R&D Expensing – capitalization currently required
- Interest Deductibility 163(j) limitation – defined as EBIT vs. EBITDA
- 100% bonus depreciation – phasing down to zero
- Foreign derived intangible income (FDII) deduction decreasing from 37.5% to 21.875%
- Tariffs could impact input costs for many businesses

Corporate Tax Rate

New Legislation Could Change 21% Rate Made “Permanent”

- Trump campaign called for reduction of rate to 20% (and reduction to 15% for companies that make their product in America)
- Deficits and cost of other priorities could make it difficult to cut corporate tax rate
- Some conservative GOP members seem willing for moderate increase to rate
- Historical note: a 20% corporate tax rate was initially proposed in the 2017 legislation but was adjusted to 21% to meet the revenue target required for budget reconciliation, so this could be a point of concession to meet the target number again.

Other Campaign Tax Promises

Cost Considerations

- TCJA extensions already estimated to cost $4 trillion and additional campaign proposals could cost trillions more

Support for American Manufacturing

- Reduction in corporate tax rate to 15% solely for companies that make their product in America
- Expanded R&D tax credits
- 100% bonus depreciation and expensing new manufacturing investments

New Tax Cuts Proposed by Trump

- Exempt tip income and overtime income from tax
- Exempt Social Security payments from tax
- Tax relief for expats
- Deduction for auto loan interest (on U.S. manufactured cars)
- Family tax credit for caregivers

Key Takeaways

1. **Core Provisions of TCJA Likely To Be Extended**
2. **Retroactive "Clean-Up" of Business Provisions Less Likely**
3. **Changes to Corporate Tax Rate Possible Negotiating Point**
4. **PTE Likely to Stick Around**
5. **Expect Focus on U.S. Manufacturing**
6. **Tariffs? – Discussion For Another Day**

Polling Question #5

Which of the TCJA provisions is most meaningful to you?

A. 20% QBI deduction

B. SALT deduction

C. Corporate tax rate

D. R&D expensing

Corporate Tax Planning

Presented by Michael Bondi

Key Corporate Income Tax Considerations

- IRC §174 Amortization of research and experimental expenditures
- IRC § 168 Accelerated cost recovery system: Bonus Depreciation
- GILTI tax rate of 10.5% on certain foreign earnings of U.S. corporations (21% x 50% Section 250 deduction = 10.5% effective tax rate on GILTI income)
- Section 250 deduction for foreign-derived intangible income (FDII)

Polling Question #6

Under current tax law what percentage of bonus tax depreciation is allowed for 2024?

A. 50%

B. 60%

C. Wait, bonus depreciation is a real thing??

Income Tax Disclosures ASU 2023-09

Improvements

- Accounting Standards Update (ASU) 2023-09
- Addresses investor requests for more transparency about income tax information reported in financial statements
- Effective for publicly traded companies for annual periods beginning after December 15, 2024 (or 2025 for calendar-year companies), and one year later for all other businesses.

OECD Pillar Two Update

Global Tax Framework Established by the OECD

- The idea is to establish a global minimum corporate tax rate of 15%
- Considered an alternative minimum tax under ASC 740, Accounting for Income Taxes

Answering Your Questions

Thank You For Joining!

Feedback

We’d love to hear from you! This week, you’ll receive an email with a recording of the webinar and a survey to share your thoughts and feedback to help us enhance the experience of future webinars.

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