

Schedule C Addendum



Taxes solved.

Thank you for using Tucson Tax Team for your tax preparation needs. Clear communication is key to a successful business relationship. The purpose of this letter is to ensure we share an understanding of the services we provide.

Our Responsibilities: Tucson Tax Team will prepare your business income tax return. We do not prepare and are not responsible for preparation of other taxes such as state use tax, payroll tax, etc.

Your Responsibilities: We recommend that you keep income statements, bank and credit card statements, travel expenses, business mileage, business utilities, home office expenses for 7 years. Payroll records must be kept forever. Receipts for depreciable assets or improvements should be kept 7 years after the assets has been disposed or fully depreciated. You will be required to furnish these records to the IRS if your return is audited.

Income: The IRS requires you to report all income received in the course of operating your business. This includes "non-income" sources such as bartering. If you have had losses 3 or the last 5 years, you may need to demonstrate that you have a profit motive to prevent hobby reclassification. It is advisable to separate business funds from personal funds; personal expenses should not be paid from the business account and vice versa.

Expenses: All deductible expenses should be ordinary and necessary. Commuting mileage is not deductible; miles driven for business are deductible with a log stating date, destination, purpose of trip and miles driven. The deduction for business-related meals are limited to 50%. For 2021 and 2022 restaurant meals qualify for a 100% deduction. Meal expenses must be documented with the date, the client or associate, and the purpose of the meal. Travel is deductible if you can demonstrate a substantial business purpose. These expenses may include ground/air transportation, lodging, meals as described above, incidental expenses. If your travel is mixed business and personal, your deduction may be limited. Primary home phone lines are not deductible; second home lines used for business may be deducted. The business portion of your cell and internet costs are deductible; you may need to show a log to prove your business percentage. An office in home expense may be deducted if there is an area that is used regularly and exclusively in your trade or business to meet with clients, store inventory, or to prepare business paperwork. This area cannot also be used as a living area, guest bedroom, etc. W-2s must be provided to employees by January 31st of the following year. Owners should not receive paychecks. Independent contractors receiving \$600 or more must receive from 1099-NEC by January 31st of the following year.

Yes No

Did you pay any individual more than \$600 in cash/check?

If yes, did you file 1099's?

Signing below acknowledges receipt of this information:

Signature

Date

Corporate Transparency Act

Thank you for using Tucson Tax Team for your tax preparation needs. Clear communication is key to a successful business relationship. The purpose of this disclosure is to convey information about the Corporate Transparency Act and your responsibilities.

Effective January 1, 2024, virtually every legal entity incorporated, organized, or registered to do business in a state must disclose information relating to its owners, officers, and controlling persons with the Financial Crimes Enforcement Network (FinCEN) pursuant to the newly enacted Corporate Transparency Act. What this means is that if you have an LLC, partnership, S-Corporation, or any other type of entity that is registered with any Secretary of State, you are required to follow these regulations.

Reporting Due Dates

For reporting companies already in existence prior to January 1, 2024, the initial report is due one year after the CTA is effective (i.e., by January 1, 2025). For reporting companies created or registered on or after January 1, 2024, the initial report is due 90 calendar days after the entity is created or registered. Starting in 2025 you only have 30 days to file a form.

Following the initial report, if there are any corrections or changes of ownership, a new report must be filed within 30 days of the correction or change. Otherwise, there is no ongoing filing requirement. Some changes that would require a new filing include a change of address, change in senior management, or when an owner has died and the business interests pass on to new beneficiaries.

Reporting companies must submit the following information to FinCEN:

1. Identifying information on the reporting company
 - a. Legal name, trade name and "DBA"
 - b. Address for principal place of business
 - c. Jurisdiction in which it was formed or first registered
 - d. Tax ID number.
2. Identifying information on the beneficial owners and company applicants
 - a. Legal name
 - b. Date of birth

- c. Current Address
- d. ID number (passport, driver's license, etc.)
- e. **Image of document with ID**

3. FinCEN Identifier

- a. Unique identification number, useful for repeat filers

The information reported to FinCEN through these reports can only be disclosed by FinCEN to a government agency, law enforcement, or financial institutions for compliance with anti-money laundering or other diligence obligations. Freedom of Information Act (FOIA) requests do not cover the CTA reports, which means the reports will not be available to the public.

Penalties for Non-Compliance

Failing to report the information required by the CTA can result in stiff penalties. These penalties include civil penalties of up to \$500 per day as the violation continues, and they also include criminal penalties in the form of fines up to \$10,000, imprisonment of up to two years, or both.

For more information, please follow this link: www.fincen.gov/boi.

I have read the Corporate Transparency Act requirements. I have decided to:

- File the Beneficial Owner Information report on my own
- Have Tucson Tax Team prepare the Beneficial Owner Information report. I understand that this process will not start until May 1st and there is a \$150 filing fee.
- I am unsure how I plan to proceed at this time, but have been informed of my options.

Signature

Print name

Date