



The Pierson Firm Presents
TPF Tips
Issue 01 – January, 2024

TPF TIPS – JANUARY, 2024

Word Count: 1,179

Read Time: ~5 minutes

Is your wallet thinner than your patience when it comes to deciphering all the tax changes and financial news & information? Does your bank account whisper “*Is this all there is?*” as markets fluctuate and the “experts” contradict each other regarding the fate of the financial world?

Not to worry, we get it.

Thanks to your encouragement, inquiries and feedback, we are launching TPF TIPS, our monthly newsletter; where we will apply our over 30 years of experience to cut through the noise, select what is relevant, unpack the jargon and offer clear, digestible insights to topics important to our clients.

We know your time is precious and your inbox sacred so, we strive to make these emails an easy read (5-7minutes) and plan to deliver TPF TIPS on or around the 15th of each month (subliminal plug for tax preparation).

If, for some reason; you do not wish to receive the monthly newsletter, please do not unsubscribe. Rather, please reply to the email with the word UNSUBSCRIBE in the subject line. We will make sure to remove you from the *newsletter list* but, keep you subscribed to our other emails regarding important financial deadlines, events and other critical updates you will want to know about.

So.....buckle up and let's get savvy!!!

US CORPORATE TRANSPARENCY ACT - FinCEN (U.S. Department of Treasury Financial Crimes Enforcement Division) or “CTA”.

Regrettably, anything with the words “crimes division” or “treasury department” has to be taken seriously and this Corporate Transparency Act is definitely serious.

On the surface and by definition, the CTA is mainly an anti-money laundering law created by Congress in 2020 with the intent of cracking down on *bad actors* seeking to conceal their ownership of corporations, LLCs, or similar entities in the United States to facilitate money laundering, financing of terrorism, tax fraud, and other illegal acts.

In theory, sounds like a good thing to stop “bad” people.

Unfortunately, the CTA is now encompassing both *GOOD* and bad actors with a mandate effective January 1, 2024 requiring all new, non-exempt entities to complete a Beneficial Ownership Information (BOI) Report within 90 days after receiving actual or public notice from the Secretary of State’s Office (or other registering/licensing type entity) that its creation or registration is effective.

Entities in existence prior to January 1, 2024, have until January 1, 2025 to submit the report, but are allowed to do so at any time between January 1, 2024 and January 1, 2025.

In short, this means businesses large and small must complete and submit the report to the IRS. Failing to comply with this reporting could mean Civil penalties of up to \$500 per day, a Criminal fine of up to \$10,000 and possible imprisonment of up to two (2) years.

Those penalties sound a bit steep for GOOD ACTORS who fail to fill out the proper paperwork.

Especially if you are a small business focused on serving customers instead of government paperwork. Not to mention the BOI Report feeling like a bit of an over-reach into the privacy of the taxpaying entity – regardless of the “good intentions” of keeping bad actors at bay.

As Ronald Regan said, “The nine most terrifying words in the English language are: *I’m from the Government, and I’m here to help.*”

While we are not from the government, *The Pierson Firm* IS here to help. As a premier filer of the Beneficial Ownership Information Report, we can make fulfilling this requirement easy. If you have questions or are curious if you have to fill out this form (most likely you do) please give us a call.

DID YOU KNOW GAMBLING CAN INCREASE YOUR HEALTH INSURANCE COSTS??

Whaaaaaa?????

Yes, believe it or not; gambling can, in some cases, increase your health insurance costs.

As a recreational gambler (i.e. not a professionally declared one), the tax law is written such that it can actually cause you to pay more for your health insurance EVEN IF the overall result from gambling for the year is actually a LOSS!

Here are a couple ways this can happen.

1. Through Adjusted Gross Income (AGI):

All gambling winnings are counted as income on your tax return. This increases your AGI, which can affect your eligibility for certain government subsidies for health premiums, such as those offered through the Affordable Care Act (ACA) marketplace. A higher AGI could mean you qualify for a lower subsidy, resulting in a higher monthly premium.

Gambling losses related to winnings are only allowed as an itemized deduction on your personal tax return for the year. Again, depending on the winnings and losses and how deductions are taken, it could impact your healthcare premiums.

Medicare Premiums: Similarly, for people enrolled in Medicare, their Part B and D premiums are based on their AGI from two years prior. So, a significant gambling win in one year could lead to higher Medicare premiums in the following two years.

2. Through Increased Healthcare Needs: Problem Gambling:

Gambling addiction (also known as problem gambling) is a mental health disorder that can lead to various health problems, including anxiety, depression, substance abuse, and even physical ailments like ulcers and headaches.

These health problems can lead to increased healthcare utilization and costs, which could be reflected in your health insurance premiums over time.

It's important to note that the impact of gambling on health insurance costs will vary depending on several factors, including:

The amount of money you gamble: The higher your winnings or losses, the greater the potential impact on your AGI and health insurance costs.

Your income level: If you have a low income, even small gambling winnings could significantly impact your eligibility for subsidies and raise your premiums.

Your health insurance plan: Some plans may be more sensitive to changes in your AGI than others.

Your overall health: If you already have health problems, gambling-related health issues could further increase your healthcare costs.

Don't forget, gambling establishments are required to report gambling winnings according to a prescribed method established by the IRS. So, a word of advice to all you recreational gamblers – everything in moderation....you know, because the IRS seems to know everything already!

Remember:

We are here to answer questions, help you learn, alleviate concerns, but most important; help you keep as much of your money as possible.

We would like this newsletter to evolve beyond just information – we would like it to be a conversation. Let us hear from you! Share your questions, concerns, and topics of interest and we will do our best to accommodate.

Your feedback helps us tailor content that truly resonates with your needs and goals.

*Warm regards,
Gladys*

About The Pierson Firm

Conroe-based *The Pierson Firm* offers a comprehensive range of tax-related services to individuals and businesses alike; and have been doing so for over 30 years. From Tax Planning, Preparation & Representation to Business Operations, Advisory and Compliance, the firm provides personalized solutions to those around the block or around the globe. Additional company information can be found by visiting www.thepiersonfirm.com.



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