

The Pierson Firm Presents
TPF Tips
Issue 03 – MARCH, 2024

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March “madness” is upon us!

College basketball tournaments, unpredictable weather, St. Patrick’s Day celebration, national observances and awareness months (National Reading Month, Women’s History Month, etc.) and.....our personal favorite – **tax deadlines!**

Welcome to TPF TIPS our monthly newsletter where we 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!!!

TAX DEADLINES/ADVICE FOR BUSINESSES AND FLOW THROUGH ENTITIES

The tax deadline for most flow-through entities in the United States is **March 15th**...assuming they operate on a calendar year (January 1st to December 31st) for tax purposes.

This applies to:

- **Partnerships:** These entities file Form 1065 and the income "passes through" to the individual partners who report it on their personal tax returns using Schedule K-1 (Form 1065).
- **S Corporations:** These corporations also file their tax return on Form 1120S, and the income "passes through" to the individual shareholders who report it on their personal tax returns using Schedule K-1 (Form 1120S).
- **LLCs taxed as partnerships:** These LLCs are treated as partnerships for tax purposes and follow the same filing and reporting procedures as partnerships.

It's important to note that this deadline is for **Federal** income taxes. State tax deadlines may differ, so, it's crucial to check with your state's tax authority for their specific filing due dates.

Texas, on the other hand; does NOT have business income tax but *does* levy a **franchise tax**, which is calculated for all entities with revenues above \$2.47 million (effective for 2024 tax forms).

Franchise tax reports are due on **May 15th** of each year. Should May 15th falls on a Saturday, Sunday or legal holiday, the next business day becomes the date.

May 15, 2024 falls on a **Wednesday**.

Here are some additional points to consider:

Fiscal year vs. Calendar year:

If your flow-through entity operates on a fiscal year that is different from the calendar year, your tax deadline will also be different. The exact due date will depend on the end date of your fiscal year.

Extensions:

If you need more time to file your tax return, you can file for an extension. However, this only extends the filing deadline, not the payment deadline for any taxes owed.

For accurate and up-to-date information on tax deadlines and any potential changes, it's always best to consult with a tax professional (that would be us...**The Pierson Firm**).

EMPLOYEE RETENTION CREDIT

Are you more than feeling March “madness” when it comes to the Employee Retention Credit? Here’s the latest on the program.....

Quick Background? – What Was It?

In simple terms, the ERC was a tax credit offered to businesses by the US Government during the COVID-19 pandemic. Business payroll tax returns were amended to request a credit up to \$26,000 per employee for the quarters in which the company remained open and paid their employees.

The program was designed to help businesses who stayed open for the first, second, and third quarters of 2021 and continued to pay their employees. Credit was also available in the 2020 tax year, however; the application qualifications for that period were much more stringent and difficult.

The intent was to help businesses stay afloat, retain employees and prevent widespread layoffs and unemployment.

Many financial pundits viewed this as “free money” with good intentions.

However, as we have all observed, whenever the words “government”, “money” and “application” are involved, issues are bound to appear. The ERC was no exception.

Issues With The Program...

Fraud:

The program attracted fraudulent claims, leading to significant losses for the government and, to small businesses who legitimately needed the benefit but did not receive it.

Complexity:

The eligibility rules and calculations were complex, causing confusion and errors for many businesses.

Administrative Burden:

Claiming and filing for the program was a burden for many businesses.

Where Things Stand Today...

On September 14, 2023, the IRS placed a “moratorium” on processing and sending refunds to any claim that had not been processed by that time. So, if you are waiting to see your claim processed, the wait will (unfortunately) continue.

Currently, there is no time frame for the Internal Revenue Service to complete processing those returns that have been filed. In fact, the IRS is currently focusing on combating fraudulent claims as a priority, while simultaneously working to process existing claims.

There are lots of moving parts with the ERC – we know firsthand!
If you have questions, concerns or need help, call us.

****BONUS** THE PIERSON FIRM FEATURED IN COMMUNITY IMPACT PUBLICATION**

A bit of background and insight to our over 30 years serving Conroe and Montgomery Communities. Check the article here: <https://bit.ly/thepiersonfirmoncommunityimpact>

REMINDER.....2023 TAX SEASON FAST APPROACHING DEADLINES

Below are important dates over the next 90 days for this upcoming tax filing season.

INDIVIDUALS: employees, retirees, self-employed individuals, independent contractors, etc.

April 1, 2024 - Required Minimum Distribution (RMD) from your retirement account is due if you turned 73 in 2023.

April 15, 2024 – THE **BIG DAY**

- Tax Day - unless extended due to local state holiday. (No such luck this year!)
- Last Day to File Form 4868 and request an extension.

Even if you file for an extension, you have to pay any taxes you may owe by April 15.

- Deadline to make IRA and HSA contributions for 2023 tax year.
- First quarter 2024 estimated tax payment due.

Make your best income estimate for the year and calculate the taxes.

June 17, 2024 - Second quarter 2024 estimated tax payment due.

Unfortunately, due dates for “quarterly estimated taxes” don’t necessarily fall within quarters or represent three months of tax payments.

This is why you need The Pierson Firm to help you!

BUSINESSES: Partnerships (including LLCs), C Corps (Form 1120), and S Corps (Form 1120S)

MARCH 15, 2024 - Taxes are due for some business types (partnerships, multi-member LLCs, and S-Corporations). If your business uses a fiscal year, you need to file your tax return by the 15th day of the third month following the close of your tax year.

April 15, 2024 - Taxes for C-Corporations are due.

If your business uses a fiscal year, you need to file your tax return by the 15th day of the third month following the close of your tax year.

September 16, 2024 - Deadline for extended partnership and S-corporation returns.

Okay, we know this date is more than 90 days out, however; it’s important for businesses.

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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