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## News and Information – December, 2022

**Late Filing Penalties:** Late filing of Corporation or Partnership Tax Returns will result in steep penalties! This year the penalties are \$210.00 per K-1, per month. Corporation/Partnership Tax Returns are due March 15<sup>th</sup> or you must file an extension, we can file this for you just contact us. **The IRS actively penalizes late filers!**

**Mileage Rates:** 58.5 cents is the mileage rate for businesses in 2022. 2023 has not been disclosed, look on our website [www.burrbusiness.com](http://www.burrbusiness.com) or our **Facebook** page; when it is disclosed, we will post it.

**Annual Meeting:** All Corporations are **required** to have an annual corporate meeting with all Shareholders, Directors, and Officers present. This can be as simple as a dinner meeting at the Corporation's expense. The Corporation is required to maintain a complete set of records in the Corporation book, which is kept by the appointed Corporation officer. These records must include official signed stock certificates, a complete copy of the Corporation origination papers, copies of the corporate minutes from each year-end meeting, as well as information on Officer wages and Officer loan payments that may be suspended or reduced in any year that the Corporation realizes a loss. **(Form 1) attached**

**Prices:** A subject that none of us want to talk about. But as we all know everything has gone up and there are some new requirements for both Partnerships and S Corps with new forms K-2 & K-3. K-2 & K-3 must be filed with every 1120S & 1065, failure to comply can result in substantial penalties to our firm unless we can show a good faith effort to comply with the new requirements. The instructions alone for this new procedure are twenty-eight pages long. It will take more time to complete your corporate returns, therefore prices will increase.

**Employee Retention Tax Credit:** If you have used a third party to obtain this credit you are required to amend prior year's tax returns and with the rampant fraud and misleading claims by third parties, we would suggest you contact us immediately if you have obtained such a credit. Bluntly, unless your sales revenues dropped substantially ( 50% in 2020 or 20% in 2021) there is a good chance that you did not qualify for the ERTC, no matter what you have heard or been told. Again, the fraud is rampant so please be careful and informed.

**Employee Benefits:** Business related restaurant meals will change in 2023 to 50%.

**Year-end planning:** If you have any new items, it is not too late to set up a ½ hour year-end planning appointment.

**Tax Returns:** Returns that are still here after August will receive one phone call and or one email and then after that they will be shredded along with all back-up information, and we will only reprint them for a fee. Please pick them up!

**W-2's:** We will no longer reprint lost or misplaced W-2's for employees without **written consent** from the employer, this is for the protection of everyone involved. Employees will need to get theirs off of the employee portal. We will once again provide employers with a copy of each employees W-2's via secure email.

**Payroll Reporting Requirements:**

- Employee personal use of company vehicles
- Employer paid health insurance for employees for W-2 purposes
- Employer paid health savings account deposits for W-2 purposes
- Employer paid childcare expenses for W-2 purposes
- Employer paid education plans & term life insurance for W-2 purposes
- Employer contributions to employee pension plans

**\*\*\*Engagement Letter:** We must have your engagement letter in order for us to begin preparing your return. The Engagement letter and all other forms can be found on our website at [www.burrbusiness.com](http://www.burrbusiness.com)

\*\*\* Do not forget to visit our **Facebook** page or our website ([www.burrbusiness.com](http://www.burrbusiness.com)) for any current information. We welcome your business referrals to our office for professional tax preparation, payroll, bookkeeping and sales tax services. We appreciate your continued support and look forward to serving you another year!

**\*\*TAX RETURN INFORMATION REQUIRED:** To help us prepare for the upcoming tax season, we will need the following information from you, (*unless you have already provided it to us*) please remember March 15<sup>th</sup> is the deadline date for corporations/partnerships. All information must be in the office by **February 20, 2023** to guarantee completion by file date; otherwise, an extension must be filed, and additional fees could apply.

1. \_\_\_\_\_ Enclosed Letter of Engagement, signed & returned **(Form 4) attached**  
**Your Corporation or Partnership tax return will not be completed without it!**
2. \_\_\_\_\_ Has there been a change in ownership this year? \_\_\_ yes \_\_\_ no.  
If so, provide new owner's identification information, dates, and percentages.
3. \_\_\_\_\_ Have you opened or closed any locations this year? \_\_\_ yes \_\_\_ no.  
If so, please provide that information and physical addresses.
4. \_\_\_\_\_ Please provide us a list of information with new your owners' email addresses and phone numbers.
5. \_\_\_\_\_ Copies of any new bank loans obtained during the year.
6. \_\_\_\_\_ Copies of any new leases signed during the year.
7. \_\_\_\_\_ List by date, amount and individual of any new investments made into the company this year.
8. \_\_\_\_\_ Copies of any federal or state tax correspondence received during the year.
9. \_\_\_\_\_ Copies of any equipment purchase invoices over \$2,500.00.
10. \_\_\_\_\_ Loan payoffs, by loan number, of all business loans as of December 31, 2022.
11. \_\_\_\_\_ Copies of your year-end bank reconciliation(s), bank statements and loan summaries.
12. \_\_\_\_\_ 12/31/22 Year End Balances of: (*if applies*)
  - Accounts Receivable \$\_\_\_\_\_. **(If applies) (Form 2) attached**
  - Cost of Inventory \$\_\_\_\_\_. Please make sure to physically count your inventory, retain the records and provide for us an accurate total cost. Do not include consignments you are holding from other people in this number. In the event of an audit, you must be able to provide copies of physical count sheets, so again we are placing an emphasis upon obtaining correct year end physical inventory amounts. **This is required by law (Form 2) attached**
13. \_\_\_\_\_ Year-end summary of business activity back up, online access, hard copy, or accountants copy.  
If you use QuickBooks, it is required to have your bank account reconciled before we start and also that you restore the QuickBooks file after we complete your 2022 work so that your records match the tax returns filed with the IRS. Our office can restore and close out 2022 information if you wish for a fee starting at \$250.00.
14. \_\_\_\_\_ Sales breakdown by state and city if applicable.
15. \_\_\_\_\_ Information on any changes in ownership, stock holdings, locations, or numbers.
16. \_\_\_\_\_ All Forms 1099-K you have received.
17. \_\_\_\_\_ Minutes from the annual shareholders meeting. **(Form 1) attached**
18. \_\_\_\_\_ Capitalization Policy **(Form 3) attached**
19. \_\_\_\_\_ Please provide us with your website address: \_\_\_\_\_. Do you conduct any sales over the internet and if so please provide us with the dollar amount. Additionally, make sure you have considered sales and income tax registration, collection and filing requirements in other states.

*Merry Christmas & Best Wishes for a Happy New Year from all of us at Burr Business Service*

***Barbara, Lisa, Lauri, Jill, Chananne, Kaine***