

## **Notes from January 5, 2023, webinar at PVAMU**

### **Section 139**

When I said that a single member LLC or a partnership would not qualify for Section 139 expenses, I was talking about owners not qualifying to receive Section 139 payments. Employees of a single member LLC or a partnership can receive Section 139 payments.

### **Beneficial Ownership Information**

Beneficial ownership information reporting requirements apply to all domestic entities that are created by filing a document with a secretary of state or other similar office of a State or Indian tribe.

FinCEN believes this will exclude many sole proprietorships, general partnerships, and trusts, subject to applicable State or tribal law.

The reporting requirements also apply to foreign companies, including corporations, limited liability companies, and other entities formed in a foreign country that have registered to do business in any State or Indian tribal jurisdiction by filing a document with the appropriate office.

The final rule defines a “beneficial owner” as any individual who, directly or indirectly, own or controls at least 25% of the ownership interest of the reporting company, or who exercise “substantial control” over the company.

### **Employee Retention Credit**

The IRS training manual on the Employee Retention Credit has not been released to the public. Tax Advocates has obtained a copy but has not posted it. They are called Audit Technique Guides.

## **Example of a Payroll Credit for a Small Business Research and Development**

Participant wanted a real live example. I do not practice and thus do not have a real live example. Here is an example. Still working on.

A qualified small business has a credit of \$50,000 from its research and development costs. The business has a loss for the year and thus no income tax is due. The company has \$62,000 in payroll taxes from the company's share of employment payroll taxes. The company will the \$50,000 against its \$62,000 payroll tax liability and thus owe only \$12,000 in payroll taxes on Form 941. Qualified small business fills out Form 8974. Also see line 11a of Form 941.