

Should I start an LLC?

There is a lot of misleading and blatantly false information circulating on social media these days. The IRS has listed bad social media tax advice as one of its Dirty Dozen tax scams for 2024. One of the more pervasive scams is the assertion that starting an LLC allows you tax deductions that would otherwise be unavailable to you.

LLC or Legal Liability Company is a legal entity. The purpose of an LLC is to separate your business assets from your personal assets so your liability for claims against your business will be limited to only the assets of the business. The establishment of an LLC has no bearing on the taxability of your income or the deductibility of your expenses.

The real tax strategy that this bad advice is based upon revolves around S-Corporations and self-employment tax. If your business income is reported on a Schedule C or if you are a partner in a partnership, you are paying self-employment tax (Social Security and Medicare tax) based on 100% of your taxable business income. By making an S Election and filing a separate S Corp tax return, you can limit the income on which you pay self-employment tax to ‘reasonable compensation.’ Contact us to schedule a meeting, and we can walk you through this and other legitimate strategies to lower your overall tax.

Tax Relief for American Family and Workers Act of 2024

The Tax Relief for American Family and Workers Act of 2024 (Wyden-Smith bill) passed the US House of Representatives in January of this year. The bill included provisions to expand the Child Tax Credit, end Employee Retention Credits early, immediate expensing of R&D costs, and extension of the 100% bonus depreciation, among other things. While it passed the House with significant bipartisan support, in July the Senate declined to debate and vote on the bill. FPG Tax & Accounting will watch out for any developments with the Wyden-Smith bill, and we’ll keep you informed of any changes that may affect you.

Year-end tax planning

Now is the time to start preparing for your 2024 tax liability. Whether you want to plan for a change that occurred this year, talk about what you can do now to lower your tax liability, or just get peace of mind that you won’t be hit with a big tax bill in April, we can help. Contact us today to schedule your tax planning meeting for 2024.

Upcoming Due Dates:

10/31/2024	Q3 941 Payroll Tax Returns
Mid-November	IRS e-filing for individual returns closes
12/16/2024	Q4 Corporate tax estimates
Late December	IRS e-filing for business returns closes
12/31/2024	Corporate BOI reports due to FinCEN for businesses in existence prior to 1/1/24
1/15/2025	Q4 Individual tax estimates

Staff Profile:

P. David Johnson, CPA
 Tax Partner



A University of Iowa graduate, David has been in the practice of public accounting since 2018. Prior to becoming an accountant, he learned business and management while working at Menards.

David’s true passion in life is being a dad. As the third of nine children, he got a lot of experience taking care of young children. Now he loves watching his own children grow, learn, and experience new things: Worlds of Fun, Science City, the Kansas City Zoo, etc.

His hobbies include woodworking and construction, movies, and puzzles. David spends most weekends doing various home improvement projects and traveling with his family.