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Small Business Services Group

**TRONCONI SEGARRA**  
**& ASSOCIATES** LLP

Certified Public Accountants  
 Business Consultants

SOLUTIONS BEYOND THE OBVIOUS

*New Quarterly Newsletter Feature – Personal Financial Planning with Lisa Mrkall*

*“Money isn’t everything, but it’s right up there with oxygen.”*

Hilary Hinton “Zig” Ziglar, Iconic American author, salesman and motivational speaker, 1926 - 2012

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*Important Reminder – Taxpayer Penalties*

*By Lisa A. Mrkall, CPA, MBA, Partner*

As tax season gets underway, we want to remind taxpayers of ways to avoid penalties and interest associated with their income tax filings for 2024. Taxpayer penalties are imposed by the IRS and state taxing authorities to encourage compliance with tax laws and regulations. Penalties can range from relatively minor fines to severe consequences. There are over a dozen types of penalties, but the most common are highlighted below:

**Failure to File Penalty (Late Filing Penalty):**

Imposed when a taxpayer fails to file a tax return by the due date, including extensions. The penalty rate is typically 5% of the unpaid tax for each month (or part of a month) that the return is late, up to a maximum of 25% of the unpaid tax. If both the failure-to-file penalty and the failure-to-pay penalty apply, the failure-to-file penalty is reduced by the amount of the failure-to-pay penalty. There is no penalty assessed if the late return shows no tax due.

**Failure-to-Pay Penalty (Late Payment Penalty):**

Charged when a taxpayer doesn’t pay the taxes owed by the due date, even if the tax return was filed on time. The penalty rate is 0.5% of the unpaid tax for each month (or part of a month) after the due date. The rate increases to 1% if the taxes are still unpaid after 10

days of receiving a notice of intent to levy. The penalty can continue to accrue until the debt is paid off or until it reaches a maximum of 25% of the unpaid tax.

**Underpayment Penalty:**

Charged when a taxpayer fails to pay enough of their tax liability during the year, through either withholding or estimated tax payments. This is common among self-employed individuals or those with significant unearned income (e.g., investment income). The penalty is based on the amount of the underpayment and interest rates, which are adjusted quarterly.

TSA recommendations to avoid penalties:

- File and pay taxes on time
- Accurately report income and deductions
- Make estimated tax payments, if applicable
- Keep good records to support income and deductions
- Respond promptly to IRS and state tax notices

Please reach out to your TSA tax professional if you are unsure about tax obligations or the potential for penalties. We can also explain options available for taxpayers unable to pay the tax due, including the IRS’s First-Time Abate policy. Some penalties may be waived or reduced if the taxpayer can demonstrate reasonable cause.

## QUICKBOOKS BILL PAY

By Karen M. Schott, Senior Accounting Analyst

Bill Pay is a feature that allows electronic bill payment directly from QuickBooks. It simplifies the process of managing and paying bills, making it more convenient and efficient for businesses. Here is how it works:

1. **Link Your Bank Account.** First, you need to link your bank account to QuickBooks to enable electronic payments. You will also need to connect your vendor accounts to ensure QuickBooks has the correct information.
2. **Add Bills.** You can enter bills manually or use QuickBooks' automatic features to fetch bills directly from your vendors (if they offer electronic invoicing). You can then track bill due dates, amounts and other billing details.
3. **Schedule Payments.** Once the bills are added, QuickBooks lets you schedule payments to be made via ACH (Automated Clearing House) or by check. You can pay multiple bills at once or pay bills individually. If paying by check, QuickBooks will generate a paper check for you to print and mail.
4. **Pay Bills.** When you are ready, you can review the payment details and submit the payment electronically. QuickBooks will send the payments to your vendors using the method you have selected.
5. **Track Payments and Record Transactions.** QuickBooks keeps track of all payments made, automatically categorizes the expenses, and updates your financial statements in real-time.
6. **Notifications and Reminders.** QuickBooks will automatically notify you of any upcoming due dates and pending payments, helping to avoid past due payment fees.
7. **Security.** Payments made through QuickBooks Bill Pay are secure with encryption protecting your financial data and transactions.

QuickBooks Bill Pay helps streamline the payment process, reduce administrative time, and ensure that bills are paid on time.

## Safeguard Critical Documents & Valuables

By Melissa S. Howell, CPA, Principal

When a disaster strikes, your immediate concern will be your safety and the safety of those you care most about. Once the immediate danger passes, however, having your financial records and essential information in one central location will be crucial to help you start the recovery process. Take the time now to think about those priceless personal items you would want to protect from damage or take with you if you had to suddenly evacuate your home. Safeguarding critical documents and possessions will give you peace of mind and help you avoid additional stress during the difficult days following a disaster.

The first step is to take an inventory of your household documents, contacts and valuables and place them in a fireproof safe. The checklist below will help you get started.

- Birth & Death Certificates
- Social Security Cards
- Passports
- Copies of Driver's Licenses or ID Cards
- Marriage Certificate
- Divorce Decree, Separation & Prenuptial Agreements
- Child Custody Agreements
- Adoption Papers
- Last Will and Testament
- Living Will
- Trust Agreements
- Power of Attorney
- Health Care Proxy
- Organ Donor Directives
- Medical Information
- Immunization Records
- Health & Medicare Insurance Cards

- Cemetery Deeds & Funeral Arrangements
- Military ID & Service Records
- Military Discharge Papers
- Veteran's ID Card
- Bank & Account Numbers
- Stock & Bond Certificates
- Extra Checkbooks
- Retirement & Investment Account Information
- Buy & Sell Agreements
- Real Estate Deeds & Surveys
- Mortgage Records
- Rental Contracts
- Homeowner's Insurance Policy
- Life & Long-Term Care Insurance Policies
- Vehicle Titles
- Vehicle Registrations
- Auto Insurance Policy
- Loan & Lease Agreements
- Copies of Credit Cards (front & back)
- Previous Year's Tax Return
- Location of Safe Deposit Box & Key
- High School & College Diplomas
- Personal Mementos (photos & keepsakes)
- Valuable Jewelry & Precious Metals
- Family Genealogy Records
- Flash Drives with Backup Files
- Inventory of Personal Property
- Receipts for Valuables
- Computer, Email & Account - logins & passwords
- Contact Information for close friends, relatives, doctors, attorneys and financial advisors

It is important to tell someone that you know and trust where to find your important papers. Be sure to review and update your fireproof safe on a regular basis, especially when significant changes occur in your life.

Community Spotlight/ Colvin Cleaners Lifts Up WNYers Through Coats For Kids & Gowns For Prom

## Colvin Cleaners – So Much More Than Cleaning

By Barbara Harmel, Sales & Marketing Mgr.

Have you ever faced a Buffalo winter without a warm winter coat? Have you known what it's like to avoid going to prom because you can't afford a prom dress and accessories like all the other students?

Colvin Cleaners, one of WNY's most well-known and long-standing dry cleaners, has been focused on helping children and adults in WNY have – at no charge – the warm clothing needed to brave a Buffalo blizzard. More recently, they also help teenagers find their dream prom gown through the not-for-profit organizations they created, **Coats for Kids** and **Gowns for Prom**.

In this, our inaugural article highlighting very special not-for-profit organizations in our community, Chris Billoni, son of Colvin Cleaners' owner Paul Billoni, takes us behind the scenes to share how **Coats for Kids** and **Gowns for Prom** came to life.

**Q** What first moved you and your family to think beyond providing exceptional dry cleaning services to WNYers?

**A** Colvin Cleaners has been operating **Coats for Kids** for over 25 years, and **Gowns for Prom** for about 20 years. My grandparents, Tony and Josephine Billoni, always talked about giving back to the community. They said, no matter what you're going through, someone else might be going through something worse than you. I learned it's important to give back, no matter how busy things are. There is always time to offer financial support, but our family believes it's more important to offer our time, skills and resources. We all have something we can offer to help others. At Colvin Cleaners, we happen

to be really good at cleaning clothes! So, we have two charities that use those skills to help others in need. That's how **Coats for Kids** and **Gowns for Prom** were born.

**Q** How do you obtain the winter wear and prom apparel that you give away?

**A** Colvin Cleaners offers FREE Pick Up & Delivery Service for dry cleaning and laundry all over WNY, so the easiest way to donate to **Coats for Kids** or **Gowns for Prom** is to leave the donations right at your door for your Colvin Cleaners driver. If you don't use that service, you can always donate at Colvin Cleaners at 2375 Elmwood Avenue in Kenmore all year long. We also have wonderful partners helping us collect for each charity. [Click here](#) for a list of **Coats for Kids** donation locations. In spite of the name, we accept coats for both kids and adults as well as winter hats, scarves, gloves, boots, etc. If you don't have donations but still want to contribute, you can [shop on our Amazon wish list](#) and the items you purchase will be delivered to our charity. **Gowns for Prom** donation locations can be found [here](#), or visit our **Gowns for Prom** Amazon wish list [here](#) to purchase and donate a gown that will be shipped directly to Colvin Cleaners.

**Q** The size and scope of **Coats for Kids** and **Gowns for Prom** have increased significantly over the years. How do you make it all happen and still run a successful dry cleaning business?

**A** We professionally dry clean all donated clothing and then sort it by size. For **Coats for Kids**, our partnerships with about 100 non-profit organizations and schools

## BENEFITS OF SAFSEND ORGANIZERS

By Lisa A. Mrkall, CPA, MBA, Partner

As we welcome you to the start of the 2025 tax filing season, we encourage you to consider using our electronic version, SafeSend Organizer to gather and submit your tax information. The benefits of choosing an electronic organizer option are many and include: a fillable, PDF client organizer; a simple, straightforward, and intuitive process; and a secure source document upload feature replacing the "shoebox method" of providing source documents.

The SafeSend Organizer process saves time and trees, with a paperless process. We recognize the importance of a fast turnaround time for your tax return. With SafeSend Organizers our team can quickly access the necessary information and commence the tax preparation process promptly.

And last, but certainly not least, is the enhanced security with SafeSend Organizers. Digital organizers offer increased security when it comes to sharing your confidential tax documents. With encrypted platforms and secure file transfers, you can have peace of mind knowing that your sensitive information is well protected.



Photos supplied by Colvin Cleaners.

## Understanding IRMAA & Why it Matters

By Lisa A. Mrkall, CPA, MBA, Partner

IRMAA, which stands for Income-Related Monthly Adjustment Amount, is a term that may not be familiar to everyone. However, for individuals enrolled in Medicare, IRMAA can have a significant impact on their healthcare costs. Here are the basics of IRMAA, why it matters, and how it can affect your Medicare expenses.

### What is IRMAA?

IRMAA is a surcharge added to your Medicare Part B and Part D premiums if your income exceeds a certain threshold. It is a way for the government to collect additional funds from higher-income Medicare beneficiaries to help support the Medicare program.

IRMAA primarily affects Medicare Part B (which covers doctor visits, outpatient services, and medical equipment) and Medicare Part D (which covers prescription drug premiums). The Social Security Administration determines your IRMAA for a specific year based on your modified adjusted gross income (MAGI) from two years earlier.

### Why does IRMAA matter?

**Increased Healthcare Costs:** The most obvious reason why IRMAA matters is that it can significantly increase your Medicare costs. If you fall into a higher income bracket, you will pay a surcharge on top of your standard Medicare premiums. These surcharges can vary widely based on your income level and can add up to hundreds or even thousands of dollars annually.

**Income-Based Tiers:** IRMAA is not a flat fee; it is assessed on a sliding scale based on your income. There are several income-based tiers, and the

higher your income, the higher your IRMAA surcharge will be.

**Impact on Retirement Planning:** Knowing how IRMAA works and how it can affect your Medicare expenses is crucial for retirement planning. It is essential to factor in these potential surcharges when estimating your retirement healthcare costs.

**Tax Planning:** Since IRMAA is based on your modified adjusted gross income, it is essential to consider the tax implications of your retirement income. Strategies like Roth conversions or managing your withdrawals from retirement accounts can help reduce your MAGI and potentially lower your IRMAA.

**Enrollment Periods:** IRMAA assessments are made annually, so if your income fluctuates, you may experience changes in your Medicare premiums from year to year. Being aware of these potential changes can help you make informed decisions during Medicare enrollment periods.

Understanding IRMAA and its impact on your Medicare costs is a crucial aspect of retirement planning and managing your healthcare expenses in your senior years. By being aware of how your income affects your IRMAA surcharges, you can make informed decisions about your retirement income strategy, potentially reduce your Medicare expenses, and ensure that you are financially prepared for healthcare costs during your retirement years. It is always a good idea to consult with an advisor who specializes in retirement planning to help you navigate the complexities of IRMAA and make the best decisions for your specific situation.

## Unclaimed IRS Recovery Rebates

By Michele Loretto, CPA, Senior Manager

The Internal Revenue Service issued an announcement related to the 2021 Recovery Rebate Credit. Taxpayers that were eligible for the credit and filed a 2021 tax return but did not claim their Recovery Rebate Credit will automatically receive a payment.

The Recovery Rebate Credit is a refundable credit that was available on the 2021 income tax filing for taxpayers that did not receive one or more Economic Impact Payments, also known as stimulus checks. The Recovery Rebate Credit does not count as income when determining eligibility for federal benefits, such as Supplementary Social Security (SSI), Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

Most taxpayers have already filed their 2021 tax return and received their credit. However, the IRS discovered that many taxpayers did not claim the credit but were eligible. No action is required by these taxpayers. The IRS started issuing checks late in December 2024 and most will be received by the end of January 2025. A letter will be sent to the taxpayer notifying them of the payment issued. Payment amounts may vary, although the maximum payment is \$1,400 per individual.

Payments will be sent by direct deposit to the bank account listed on the taxpayer's 2021 tax return. No action needs to be taken by the taxpayer if the account has since been closed. The payment will be returned to the IRS, and it will be mailed to the address on the 2023 tax return or the latest address on record, if different.

As a reminder, any individual that has not yet filed their 2021 tax return has until April 15, 2025. Automatic payments will be issued only to those that filed their 2021 tax return.

## IRS REPORTS THRESHOLD UPDATES FOR FORM 1099-K

By Richard Gilmartin, CPA, Principal

Form 1099-K, "Payment Card and Third-Party Network Transactions" is an information return that reports the gross amount of reportable transactions to the Internal Revenue Service (IRS). Payment card transactions are those transactions processed using credit cards and debit cards. Third-Party Network transactions are those transactions processed by a central organization that has a contractual obligation to make payment to participating payees of third-party network transactions, such as PayPal, Square, eBay, and StubHub.

Annually, payment card organizations and third-party networks must file Form 1099-K that reports the recipient's name, address, taxpayer identification number and the gross amount of the reportable payment transactions with respect to the payee for the calendar year. Form 1099-K must be issued to the recipient by January 31<sup>st</sup> of the year following the close of the calendar year being reported upon. The filing organizations are also required to submit a copy of Form 1099-K to the IRS.

The 1099-K reporting requirement was initiated as part of the Housing Assistance Tax Act of 2008. Initially, organizations were only required to report transactions where the gross payments exceeded \$20,000 and there were more than 200 transactions in the calendar year. However, recent changes have been enacted that have reduced the reporting threshold to \$5,000 for 2024, \$2,500 for 2025 and \$600 for 2026 and after, regardless of the number of transactions processed.

Businesses and individual taxpayers who receive a Form 1099-K are required to report the corresponding income on their tax returns. The IRS matches the amounts reported on Form 1099-K to the taxpayer's respective return. Should the amounts not agree, the taxpayer will receive a tax notice from the IRS requesting an explanation. With the lowered reporting thresholds now in effect, compliance with Form 1099-K reporting will impact more taxpayers each coming year.

## The Social Security Fairness Act

By Joseph M. Becht, CPA, CGMA, Sr. Manager

The Social Security Fairness Act was signed into law on January 5, 2025, and ends the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). These provisions reduced or eliminated the Social Security benefits of over 3.2 million people who were receiving a pension based on work that was not covered by Social Security (non-covered pension), because they did not pay Social Security taxes.

### Who does it help?

This law increases Social Security benefits for certain types of workers, including some:

- Teachers, firefighters, and police officers in many states
- Federal employees covered by the Civil Service Retirement System
- Individuals whose work had been covered by a foreign social security system

### Will every type of worker receive a benefit increase?

Not necessarily. Only those who receive a pension based on work not covered by Social Security may see benefit increases under this new law. About 72 percent of state and local public employees work in Social Security covered employment where they pay Social Security taxes and are not affected by WEP or GPO and will not receive a benefit increase.

## New Legislation Simplifies ACA Reporting

By Lisa A. Mrkall, CPA, MBA, Partner

In late December 2024, two new laws were signed by President Biden which reduced the reporting burden under the Affordable Care Act (ACA) for employers and group health plans titled the Paperwork Burden Reduction Act (PBRA) and the Employer Reporting Improvement Act (ERIA).

Under the ACA, applicable large employers (ALEs), which are those with 50 or more full-time employees, and self-insured group health plans must provide the IRS and covered individuals with information regarding whether the health coverage they provide is considered minimum essential coverage. Employers and plan sponsors filing Forms 1095 under the ACA must submit the required information to

### When can you expect the benefit increase?

The Social Security Administration (SSA) is currently working to finalize its plan to implement the change in benefits. An estimated timeframe for the adjustment to a worker's past or future benefits is not yet available. As updates are available, they will be posted on the SSA.gov website.

### Are the benefit changes retroactive?

WEP and GPO apply through December 2023. This means that the benefit changes are retroactive to January 2024 through the current date.

### What action items are required?

If you have never applied for spouses' or surviving spouses' benefits, you may need to file an application on the SSA.gov website or call the SSA. The date of your application might affect when your benefits begin and filing sooner might help you get a higher benefit amount.

Lastly, consider reviewing your mailing address and direct deposit information on file with the SSA, which will allow the SSA to adjust your benefits as quickly as possible. The easiest way for most beneficiaries to update their information is through their SSA.gov online account.

the IRS on or before March 31; & provide covered individuals with Form 1095 by March 2 (or the next business day).

### PBRA

Under the PBRA, applicable large employers and self-insured plans are no longer required to send Form 1095 to covered individuals unless requested. If the covered individual requests the form, applicable large employer or self-insured plans must provide that form by the later of January 31 or 30 days after the date of the request. To take advantage of this new provision, applicable large employers and self-insured plans must provide a notice informing employees and covered individuals that they may request a copy of the 1095 form. Previous guidance from

*Continued on Page 6*

## Colvin Cleaners – So Much More Than Cleaning, *continued*

enable us to get the clean donations to families who truly need them. These organizations include Friends of Night People, St. Luke's Mission of Mercy, Ken-Ton Closet, Restoration Society, Cold Spring Bible Chapel Church, and many more. For **Gowns for Prom**, we accept and dry clean any prom-worthy gown, along with shawls, purses, shoes, etc. We work directly with high schools and guidance counselors to invite their students to come to our huge giveaway at the Buffalo Convention Center in downtown Buffalo. Students can sign up for a time slot online and come to our event to try on as many gowns as they would like until they find what they are looking for!

**Q** Are there other ways in which the community can become involved?

**A** We have lots of volunteers including family and friends who help us sort the winter items for **Coats for Kids**, including our Colvin Cleaners staff members. We do have an [online form](#) for people wishing to volunteer for **Gowns for Prom** at the Buffalo Convention Center. Because that event gets bigger and bigger every year, we have about 100

volunteers who help with our gown giveaway.

**Q** Do you have repeat customers each year? I imagine as children grow, they may need a new coat every year.

**A** Yes, as children grow, they need new winter items to stay warm. Same with the prom gowns, if someone attends a prom the following year. We encourage people to pay it forward and re-donate the items after they are done with them. We can re-clean and make all of the apparel available to others.

**Q** Is there one heartwarming story that comes to mind, thinking about all of the children and teens you have met over the years?

**A** There have been so many stories over the years. I remember one high school student who was looking for a size 20+ prom gown, and we didn't have many to choose from in that size. We were able to find two of the exact same dress, and our Colvin Cleaners tailors combined them into one dress that fit the student. The student's face was so happy that it brought tears to everyone's eyes.

We've had guidance counselors contact us because they see the same kids coming to school in sweatshirts and no coats; so we've done specific deliveries to those kids so they can pick out a coat, and they are always so appreciative. We have received thousands of thank you cards from families and students over the years.

**Q** Anything else to add to your story?

**A** We all have extra things in our homes and closets. If you're not using them anymore, please donate them to our charities, and we will make sure they get to those who truly need them. Thank you!



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## New Legislation Simplifies ACA Reporting, *continued*

the IRS allowed plans to avoid automatically sending the 1095 form if they posted notice of its availability on the plan website. The PBRA extends this treatment to employers and appears to permit the notice to be provided in another format.

For current clients of Tronconi Segarra & Associates, whose 1095 forms are prepared by our ACA team, we will maintain the process of mailing the 1095 forms to recipients for the 2025 filing season.

### ERIA

The Employer Reporting Improvement Act permits greater flexibility to plans and employers and codified the following existing IRS guidance:

**Tax Identification Number (TIN) Flexibility:** An individual's date of birth may be substituted for the individual's TIN, if the TIN is not available. This often occurs with dependent members.

**Electronic Forms:** Form 1095 may be sent to a covered individual electronically if the individual previously consented to it.

**Extended Time to Respond to Penalty Notification:** ALEs now have 90 days (previously 30 days unless an extension was granted) to respond to the first letter from the IRS notifying them of the proposed employer shared responsibility penalty.

**Statute of Limitation of Penalty Assessment:** Establishes a six-year statute of limitations for imposing a penalty on ALEs for failure to offer affordable coverage. This provision applies prospectively to returns that are due after December 31, 2024.

If you have any questions regarding the reporting required under the Affordable Care Act, please contact Lisa Mrkall from our ACA Team at 716 633-1373 or [LMrkall@tsacpa.com](mailto:LMrkall@tsacpa.com).