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Celebrating Our 50th Newsletter Edition!



Small Business Services Group

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Deadline Approaching: Payment Card Interchange Fee Settlement

If your business accepted Visa or Mastercard between January 1, 2004 through January 25, 2019, you may be eligible to claim your share of a \$5.5 billion Settlement agreed to alleging that Visa and Mastercard violated antitrust laws. ***Claim filing deadline is May 31, 2024.***

For more information, visit <https://www.paymentcardsettlement.com/en>.

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Coming Increase in Internal Revenue Service (IRS) Audits

By Melissa S. Howell, CPA, Principal

The IRS Commissioner announced as part of its strategic plan, the intention to ramp up audits over the next three years as it looks for additional revenue, but not every group of taxpayers will face more scrutiny. The agency reiterated it won't boost enforcement for taxpayers that earn less than \$400,000 annually, at least for now. More audits are necessary to bridge the underfunding gap that has resulted in longer wait times, months-long processing delays and an overall decline in customer service.

The IRS will focus on wealthy individuals and large corporations by:

- Tripling the audit rates on large corporations with assets of more than \$250 million (audit selection rates will rise to 22.6% in tax year 2026 from 8.8% in 2019).
- Increasing audit rates tenfold for large partnerships with assets of more than \$10 million (audit selection rates rising to 1% in tax year 2026 from 0.1% in 2019).
- Focusing on wealthy individuals with incomes over \$10 million will see a 50% uptick in audits (selection rate up to 16.5% in 2026 from 11% coverage in 2019).

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SAY “HELLO” TO A NEW DESIGN FOR ESTIMATES & INVOICES IN QBO

By Karen Schott, Senior Accounting Analyst

As of May 6, 2024, Intuit QuickBooks Online released a new layout for estimates and invoices built on an enhanced tech platform for faster feature delivery. Don't worry, your existing data will remain intact and easily accessible. If you receive QuickBooks payments, you can also add options like PayPal and Venmo, along with other available payment methods allowing your customers to pay online directly right from the invoices you send, getting you paid faster.

Users now have access to multiple views, such as the “edit view” when creating an invoice and can easily switch to an “email view” to see how it will appear as an email to their customers. Users can also switch to a “PDF view” or “payor view” to see exactly what the recipient will see when they are looking at an invoice.

To access the new layout, locate the gear icon on your invoice screen to open the “Manage” panel. Here lies the ability to customize invoices to fit your needs. The “Actions” menu is within the Manage panel and this will be your “go to spot” for common invoicing tasks.

The new layout also allows you to convert an estimate to an invoice without the need to enter the information twice. When you convert to an invoice, the estimate and the invoice are linked. QuickBooks automatically populates the invoice pulling the information from the estimate.

For more information, please contact your Accounting Analyst Team at Tronconi Segarra & Associates.

QuickBooks Desktop Changes Coming!

By Michele Loretto, CPA, Senior Manager

There are two upcoming dates that will affect many QuickBooks Desktop users. One is imminent and may require immediate action for those that have not already begun the update process. The second must be addressed this summer.

May 31, 2024

There are several versions of QuickBooks that will no longer be supported by Intuit after May 31, 2024. What this means for users is that access to QuickBooks Desktop payroll, Desktop payments, live technical support, online backup, online banking, online bank feeds, and other services offered through QuickBooks Desktop 2021 will no longer be available. In addition, new updates and software patches will no longer be offered.

The versions affected by the discontinued services are:

- QuickBooks Desktop Pro 2021
- QuickBooks Desktop Premier 2021
- QuickBooks Enterprise Solutions 2021
- QuickBooks Premier Accountant Edition 2021
- QuickBooks Enterprise Accountant 2021
- QuickBooks Desktop for Mac 2021

If you currently use any of these services, you must act by May 31, 2024. These were the last Desktop versions available without a subscription. Intuit live support will no longer be available if you were to experience issues with a file. Backup files can be maintained, although, depending on the timing of backups, you may experience data loss, which can cause business interruptions.

July 31, 2024

QuickBooks has decided to stop selling several products to **new U.S.**

subscribers. This affects all users of the products listed below that have not yet purchased a U.S. subscription. This would include anyone that purchased previous versions through an internet download or disk, where no subscription has since been purchased. Existing subscribers can continue to renew their annual subscriptions and receive continued support and updates.

The discontinued versions are:

- QuickBooks Desktop Pro Plus
- QuickBooks Desktop Premier Plus
- QuickBooks Desktop Mac Plus
- QuickBooks Desktop Enhanced Payroll

It is important to note that the QuickBooks Desktop Enterprise products are **not impacted** by this change and customers will still be able to purchase Enterprise subscriptions after July 31, 2024.

There are several options available to QuickBooks Desktop users that will soon be affected by these changes:

1. Purchase a QuickBooks Desktop subscription-based product. We recommend going directly to the Intuit website to make your purchase. There is a telephone number on their website or click through links to purchase the software.
2. Convert to QuickBooks Online (“QBO”).
3. Continue using the outdated version of QuickBooks you currently have knowing the risk of a potential software failure.

We strongly recommend maintaining a supported version of QuickBooks to ensure access to consistent support and technical updates. We are happy to discuss the software version you are currently using and what may be a best fit for you with the supported options.

Understanding & Evaluating Your Personal Financial Statements

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

We often think of financial statements in the context of the business world where they are common place and are frequently used to gauge financial performance, determine a company's value, satisfy bank and loan requirements, aid in strategic planning, amongst a host of other uses, the list is endless.

On the flipside, we will focus on personal financial statements, where many of the financial statement metrics that are utilized in the business realm also apply.

What are Personal Financial Statements?

Personal financial statements generally refer to a document or spreadsheet that highlights an individual's financial position at a given point in time. The statements include information about the individual, such as name and address, along with a breakdown of total assets, liabilities, and net worth. Personal financial statements may also include a personal income statement and personal statement of cash flows. In addition, banks and other lenders often require an individual to submit their personal financial statement information on a banking document, which is used in conjunction with a loan application to assist the lender

in determining the borrower's ability to repay the debt and determine the applicable interest rate charge.

What are they used for and what benefits do they provide?

In addition to obtaining loans, personal financial statements are also utilized for:

- Understanding the overall state of your personal financial condition and net worth
- Budget planning
- Setting goals and tracking them to increase your overall wealth
- Collecting all your data into one location to track progress
- Provide a document for your loved ones in the event something happens to you

Key Takeaways

Approach your personal finances as you would *any successful business*, avoid guessing where you stand, focus regularly on performance, comparing budget goals with actual results and analyze personal desired growth in your net worth year over year. Knowing and understanding your personal financial performance can assist you in reaching your personal financial goals. **Watch for Part 2 in our next issue**, as we will take a deeper dive into creating a set of personal financial statements.

Questions Surrounding Sole Proprietors

By Melissa S. Howell, CPA, Principal

Let's dive into some of the more frequently asked questions surrounding sole proprietorships:

Who is a sole proprietor?

A sole proprietor can be an independent contractor or an individual that owns and operates a business and generates self-employment income. The business may have been formed by filing for a "DBA" (doing business as) or by forming a legal entity known as "SMLLC" (single-member limited liability company). However, not all sole proprietorships were formed in an official manner. A sole proprietor can be anyone that earns money working for themselves, whether it's a side-hustle or a full-time gig, as long as the activity is conducted with a profit motive.

How is a sole proprietor taxed?

A sole proprietor reports business income and expense activity annually on their Form 1040 by completing and attaching a Schedule C, Profit or Loss from Business. An individual who conducts a business for-profit is allowed to deduct any expenses that are considered ordinary and necessary in carrying on the activities of the trade or business. If expenses exceed income, the net loss is deductible against other income.

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Handling Personal and Financial Matters After the Death of a Family Member or Loved One

By Lisa A. Mrkall, CPA, MBA, Partner

As your trusted advisor, your CPA at Tronconi Segarra & Associates is by your side during the many chapters of your life. We support our clients through times of prosperity and expansion in their businesses and personal lives, as well as during times of hardship, challenges and change. One such time is when a family member or loved one passes away. Clients are often faced with a multitude of decisions to make in a very short period of time pertaining to personal, legal and financial matters.

When a loved one dies, the task of handling their affairs can be stressful and time-consuming. Survivors are often surprised by the amount of time involved in handling bank accounts, the residence of the deceased and paying final expenses. A useful tool that families can utilize is a

checklist of practical steps to take in the early days following a loved one's death. This can assist both the executor and any others involved in handling the final affairs of the deceased.

Below are some of the most important and practical details to tend to immediately and in the days and weeks following a loved one's death:

- Obtain a death certificate and several certified copies in order to close bank and brokerage accounts and file insurance claims.
- In addition to notifying family and friends, contact the deceased's employer so that payroll matters, pension, if applicable, and any available death benefits can be handled.
- Learn about existing funeral and burial plans. If the deceased was in the military,

contact the Veterans Administration and inquire about burial benefits or funeral services, such as a military salute.

- Put in place a mail forwarding order to the individual handling the immediate affairs of the deceased.
- Locate the will and the executor. Consider hiring an attorney to help settle the estate. Obtain a tax identification number for the estate itself.

Contacting the accountant of the deceased is also a very important step in this process. The estate may have to file a tax return and a final individual tax return will have to be filed on the deceased behalf. In addition, your CPA can be very helpful in sorting out the income the deceased received before and after the date of death. Complex estates can take years to administer and settle, so contacting an attorney and CPA early on the process can prove to be very beneficial.

There are numerous additional financial, tax and estate related matters that may arise that your CPA can help you sort through. We would be happy to assist you and your family members during these difficult days. Please do not hesitate to reach out to your tax professional at Tronconi Segarra & Associates for a more comprehensive checklist, including the above items and several additional practical yet critical matters that may need attention.

Questions Surrounding Sole Proprietors,

Continued from Page 3

If your business generates a net profit, net income would be subject to both Federal and State income taxes, in addition to self-employment tax, which is an additional 12.3 percent.

How are sole proprietors paid?

Questions frequently arise as to how a sole proprietor pays themselves and whether or not payroll needs to be setup so they

can be paid in the form of "wages." If you are a one-man show and have no other employees working for you, then the answer is no. In this case, a sole proprietor would not take a wage, but simply take "cash draws" from their business at any time as cash flow permits. Any cash draws are considered a "return of capital" to the owner and are not a deductible business expense.