

An hourglass with sand. A sand dollar is balanced on top of the sand in the upper bulb. The lower bulb contains a small sandcastle.

2021 YEAR-END BUSINESS TAX PLANNING



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DMJ & Co., PLLC



This letter is designed to bring business year-end tax information to your attention as the calendar year 2021 draws to a close. Please carefully consider these items and how they may affect your business.

DMJ & Co., PLLC provides audit and accounting, tax planning, compliance, and preparation for corporate and individual clients across North Carolina and beyond.



2021 Year-End Business Tax Planning

November 29, 2021

Dear Clients and Friends:

The purpose of this letter is to bring business year-end tax information to your attention as the calendar year 2021 draws to a close. Please carefully consider these items, how they may affect your business, and do not hesitate to contact us for further clarification on any of these matters. If you would like a copy of our separate year-end tax planning letter that focuses on personal issues, email us at contact@dmj.com to be added to the recipient list.

Please note for 2021 business tax returns, our default delivery method remains electronic. Many of our clients prefer an electronic copy because it is easier to store, secure, and share a copy with banks or other interested parties. **Simply let us know what email address is good to use for confidential matters, and we will email you a secure link that will allow you to download a PDF copy of your returns from our portal.** This portal can also be used to electronically upload information. You can, of course, continue to opt for a paper copy.

One policy note. Please return your engagement letter when it arrives. Our firm policy does not allow us to begin your tax return engagement until we have this signed document.

NEW LEGISLATION

The prior twelve months have seen the passage of two significant tax acts. The business provisions of each are discussed below, and their provisions are generally effective for tax year 2021 (see our personal letter for a discussion of the personal developments).



This discussion is necessarily a high-level generalization – talk with us before taking action on these items.

THE CONSOLIDATED APPROPRIATIONS ACT OF 2021

This Act, enacted on December 27, 2020, with President Trump's signature, was primarily a general spending bill, which means that it became a "catch-all" for various miscellaneous legislative items, resulting in the largest single piece of legislation in American history.

Changes include the following further COVID-19 relief measures –

- Funds a second round of PPP ("Paycheck Protection Program") loans, under tighter restrictions than the first round. These included an under-300-employee requirement, and a test for 25%-or-more revenue reduction in 2020 quarters versus 2019.
- Established "Shuttered Venue Grants" to provide economic relief for museums, theaters, and other similar establishments that were largely shut down by the COVID-19 restrictions.
- Extended the "Families First Coronavirus Response Act" payroll tax credits through March 31, 2021. These credits were established to help employers continue to pay compensation to those infected with COVID-19, and to those who could not work because they were caring for others who were infected. (Note that these credits were subsequently extended through September 30, 2021, by the American Rescue Plan Act.)
- Extending the CARES Act Employee Retention payroll tax credits through June 30, 2021. These changes made the ERTC easier to qualify for, and more generous. (Note that these credits were subsequently extended through December 31, 2021, by the American Rescue Plan Act. The test requirements were also eased. Start-up businesses that began operations after February 10, 2020, may also qualify for this credit.)
- Allowed employers to carry over unused funds in employee flexible spending accounts (either health or dependent care accounts) from 2020 to 2021, and from 2021 to 2022. Note that the employer should consult with their employee benefits attorneys to see what plan changes are needed to implement this rule.



The Act also included the "Taxpayer Certainty and Disaster Tax Relief Act of 2020." Those changes include, for calendar year 2021 and 2022 **ONLY**, business meals provided by a restaurant are 100% deductible. Businesses are advised to look carefully at their 2021 meals expense now, to know which are provided by a restaurant (the food does not have to be actually consumed on premises).

Finally, the Act also includes so-called extenders legislation. These are provisions of the law that were scheduled to expire. These are generally extended through 2025 –

- The Work Opportunity tax credit.
- The New Markets tax credit.
- Empowerment Zone incentives.

THE AMERICAN RESCUE PLAN ACT OF 2021

The Act was enacted with President Biden's signature on March 11, 2021. These provisions are generally effective for 2021. This was primarily a personal tax bill, but the business provisions include –

- Increased the maximum that can be contributed to a dependent care assistance program from \$5,000 to \$10,500. Businesses should consult their legal counsel to see if their plan needs to be amended for this change.
- Established grants from the SBA for restaurant revitalization.
- Made various technical pension plan changes. Companies with retirement plans should ask their attorney annually about the need to update the plan for legislative and regulatory changes.

RESIDUAL ISSUE FROM THE CARES ACT OF 2020 AS APPLIED TO 2021



If your business deferred paying 2020 employer FICA (deferred paying one-half to December 31, 2021, the other half until December 31, 2022), then be sure to pay what is due with the first half by December 31, 2021. If the business fails to make this deposit, all of the amount deferred is immediately due, and significant retroactive penalties and interest will apply.

PLAN FOR THE BUILD BACK BETTER BILL

As of this writing, the negotiations continue under the President's signature tax package, with no assurance that his slim majority in the legislative bodies will pass a bill. Watch for further updates from us on this.



With the probability of higher tax rates in the future, businesses should seriously consider whether they should try to accelerate income into 2021 or defer it into 2022. See the later "General Business Planning Concepts" for a further discussion on how to do this. Similarly, businesses should give due consideration as to whether they should accelerate deductions into 2021 or defer them into 2022, when they could possibly be of greater benefit.

An example is depreciation (see the next section). *Would you rather accelerate deductions into 2021, thereby recovering a tax benefit sooner, or defer them into 2022 when the deduction could save taxes at a higher rate?* This is a decision that each business should consider and discuss with us.

PLAN TO MAXIMIZE TAX DEPRECIATION

Making the most of tax depreciation is still one of the best tax planning strategies (note the prior section with a new tax bill on the horizon). With unlimited Section 168(k) bonus depreciation and generous Section 179 depreciation (up to \$1,050,000 for up to \$2.62 million of additions in 2021), most of the planning is left for real estate and vehicles. For 2022, these amounts will be \$1,080,000 and \$2,700,000, respectively.

Consult with us on new business real estate acquisitions to see if a cost segregation study is cost beneficial. The generous Section 168(k) rules can magnify the effectiveness of a cost segregation.

For new or used trucks, vans, and SUVs over 6,000 pounds GVW, these can be 100% expensed in the year of acquisition (assuming it is for 100% business use). For SUVs under 6,000 pounds GVW, the first year maximum is \$18,200 in 2021. A pickup is an SUV for this purpose, generally, if the interior length of the truck bed is less than six feet.



In addition, there is no longer a tax benefit to trading vehicles. With the passage of the Tax Cuts and Jobs Act of 2017, like-kind exchanges are no longer allowed for personal property – only real estate exchanges can defer gain. If you trade vehicles, for tax purposes, it is reported as a taxable sale followed by a purchase. Given the generous depreciation rules for the new additions, this change is probably not a penalty overall.

GENERAL BUSINESS PLANNING CONCEPTS

Cash basis businesses that want to defer 2021 income into 2022 should consider sending end of year invoices very late so that customers do not remit their payment until 2022. Also, try to avoid having unpaid bills on hand at the end of the year so as to garner a 2021 deduction. Remember that expenses paid with a credit card are considered paid when charged, even if the credit card bill is outstanding at year end.

Accrual basis businesses that want to defer 2021 income into 2022 should defer providing goods and services until next year. This may or may not be a wise business decision – you will need to decide that for yourself.

However, note that the constructive receipt rules dictate that income is received when you have the right to it – just choosing to not take it does not defer the tax on it.

For additional deductions, consider establishing a retirement plan this year. A 2022 retirement plan contribution for 2021 is deductible in 2021, whether your business reports on the accrual or cash basis, as long as the payment is made by your business tax return deadline, including extensions.

If losses are expected, S corporation business owners should make sure that they have sufficient basis to deduct the losses on their tax return. Please see us for ideas on how to increase your basis before year end.

YEAR-END FORM W-2 REMINDERS

Remember that several year-end adjustments are needed for your W-2 filings. These include the following –

- If you provide a company vehicle to any employee (including company owners), the value of the personal use of the vehicle must be included in the W-2. This is income for federal and state withholding, FICA, Medicare, and federal and state unemployment tax purposes. We can assist with this calculation.
- For this and similar non-cash compensation, you obviously cannot withhold tax when there is no cash payment. Therefore, you need to calculate this additional W-2 income before the last payroll of the year so that you can withhold additional tax from the last cash payroll, if needed.
- If you provide group-term life insurance in excess of \$50,000 to employees, the value of the life insurance in excess of the \$50,000 must be included in the W-2. We can help with this calculation. Note that this should not be taken to read that the employer's payment of the life insurance premium for anyone does not represent taxable compensation. A life insurance plan must meet specific requirements to be considered group-term life. Payments of life insurance outside of these requirements is completely taxable compensation.
- **Important.** For "S" corporations, the amount the company paid for accident and health insurance (including dental, cancer, long-term care, and other policies) must be included in the W-2 of certain shareholders (those owning more-than-2% directly, or indirectly, of the company, including spouses, children, parents, and grandchildren). The amount paid is taxable for federal and state withholding purposes, but is not taxable for FICA, Medicare, or federal and state unemployment tax purposes.
Note: The IRS has stated its intention to disallow the deduction for health insurance for more-than-2% "S" corporation shareholders if the company fails to include this health insurance in the W-2 of the shareholder.
- Note that if the business pays for country club dues or similar social clubs for owners or officers and that membership is actually in the name of the individual instead of the business, then this payment is additional compensation and should be included in the W-2. It does not matter that the primary purpose of such use is for business marketing.

Contact us if you require any assistance in calculating these amounts.

YEAR-END FORM 1099 INFORMATION REPORTING REQUIREMENTS

Please let us know by December 1, 2021, if you require assistance with Form 1099 filings. They must be filed for 2021 by February 1, 2022.

The Form 1099 requirement, in general, includes payments of \$600 or more for –

- Fees and other compensation for services.
- Commissions reduced by any repayment of current year (but not prior year) commissions.
- Interest and dividends. If the company pays dividends, or is in the business of paying interest, the threshold is reduced to \$10 or more.
- Rents, except for those paid to real estate agents. Rent paid by the real estate agent to the landlord is reportable gross (not net) of any commissions retained.
- Taxable prizes and awards paid in the course of business, such as by radio and television broadcasting companies, and incentive awards, such as those given to distributors by manufacturers.
- Fees paid for professional services to attorneys, physicians, and similar service providers.
- Royalties, annuities, pensions, and other gains, profits, and income.

This requirement does not apply to the following types of payments –

- Wages or other compensation reported on Form W-2.
- Payments of any type to corporations, other than medical and healthcare payments and attorney fees.
- Payments of bills for merchandise, telephone, freight, storage, and similar charges. This exception does not apply when the merchandise is incidental to the receiving of services, such as auto or copier repairs from unincorporated providers.
- Payments to employees under an “accountable” plan of expense reimbursement.
- Salaries or profits paid or distributed by a partnership to the individual partners.
- Trust or estate payments to beneficiaries.
- Personal (non-business) payments for rent, interest, services, etc.
- Qualified achievement or safety awards of tangible personal property valued at \$400 or less.

Some other rules of note –

- For legal services, all payments of \$600 or more for legal services must be reported, even if the payments are to a corporation. For reporting purposes, it does not matter that the attorney retains only a portion of the payment as his or her fee, but that the payment is made to the attorney.
- Payments which included backup withholding must be reported on a 1099, regardless of the amount.
- Sometimes the structure of the business arrangement makes it difficult to determine when the payment was made. For information reporting purposes, amounts that are credited to, or set aside, for a taxpayer during a calendar year are constructively received and should be

reported, although not actually received by the taxpayer. For this rule to apply, there must be no substantial limitation or restriction as to the time or manner of payment, or condition upon which payment is to be made. The amount payable must be available to the taxpayer so that he may draw it at any time and its receipt brought entirely within his own control and disposition.

- Where a payment is made in property other than money, the fair market value of the property at the time of payment is the amount subject to reporting.
- Direct sales of at least \$5,000 of consumer products sold to a buyer for resale, anywhere other than a permanent retail establishment, must be reported on Form 1099-MISC.
- Note that those who file 250 or more information returns are required to submit these forms electronically. Failure to comply with this requirement brings a significant penalty. We can assist you with this compliance.
- Rental activities that are considered a business should also consider filing Forms 1099. The IRS has said that failure to file Forms 1099 could jeopardize the position that the rental is a business; thus, the net income from this business would be subject to the 3.8% tax on net investment income *AND* the activity would not be a business for purposes of the Section 199A deduction on qualified business income.



Consider auditing your vendor files to make sure that you have a signed W-9 on file for each. If you do not, request one now.

Note: Penalties for failure to file correct information returns and/or to furnish correct payee statements have increased in recent years and are now subject to inflationary adjustments. There is no limitation on the penalties for intentional disregard to file. Information returns and payee statements include, for example, Forms 1098, 1099, W-2G, and W-2.

Electronic filing: If you prepare your own W-2s and/or 1099s, please note that with each passing year, the IRS is lowering the threshold of the number of returns filed before e-filing is required. This includes 1099s! So, you should consider an electronic filing solution, through us or your own software, before mailing in a stack of 1099s.

SETTING UP NEW EMPLOYEES

Please make sure that your system for onboarding new employees is following the requirements for items that need to be documented from an immigration perspective.

Consider looking over your employee files to make sure that you have a Form I-9 for all workers. Acquire the form where a copy is missing. Also, consider placing a copy of all I-9s in a separate file for easy access in the event of an immigration employment audit.

We are not human resource professionals, and you should consider engaging one for HR matters.

EMPLOYEES OR INDEPENDENT CONTRACTORS



It is critical that business owners correctly determine whether the individuals providing services are employees or independent contractors. Generally, you must withhold income taxes, withhold, and pay Social Security and Medicare taxes, and pay unemployment taxes on wages paid to an employee. You do not generally have to withhold or pay any federal taxes on payments to independent contractors. However, see a later section on NC withholding requirements.

If you classify some of your workers as independent contractors who are actually employees, please note that the government continues to pursue these issues. Your business could be required to pay unpaid payroll taxes, interest, and penalties. Your company could also be obligated to pay for employee benefits that it did not previously provide, as well as federal penalties.

The basic guidance is an “economic realities test.” *How much control does your company have over the way workers perform their jobs?* For example:

1. Do the workers in question determine how they accomplish their task, or do you closely supervise them?
2. Do they have other clients, or do they work full-time for you?
3. Do they receive payment for each job, or do you pay them on your schedule?
4. Do they own their own equipment and facilities, or does your company provide equipment, supplies, and office space?

These and other considerations are important in determining a worker’s status. If you have any questions, consult with us about the proper classification of your workers to avoid additional taxes and penalties.

LIFE INSURANCE

If your business has purchased and owns life insurance on employees, or is considering doing so, note that your business needs to comply with the “Notice and Consent” procedures. Failure to follow these rules can result in a future collection on the insurance policy becoming taxable income.

If the company carries life insurance on any employee, consult with your life insurance agent to make sure that you are in compliance with the “notice and consent” rules.

UNCLAIMED (ESCHEAT) PROPERTY

Unclaimed property consists of tangible and intangible property that has been abandoned, such as bank accounts, wages, refunds, utility deposits, and others. Any business entity in possession of unclaimed property is a potential “holder” of unclaimed property. Practically all states have such a rule.



North Carolina's Unclaimed Property Law requires all companies and institutions operating in the State to examine their books and other accounting records on an annual basis to determine whether they are in possession of dormant unclaimed property. Once the holder determines the property held is abandoned, a good faith effort must be made to locate the owner. In some instances, a due diligence letter must be sent to the owner. Please note there are specific due dates that must be adhered to with respect to identifying unclaimed property and notifying owners. Holders must file the Unclaimed Property Verification Report (Form ASD-159) and other necessary forms, along with any property to the N.C. Department of State Treasurer. If a business entity asserts it does not hold any unclaimed property, a Negative Report of Unclaimed Property (Form ASD-NEG) may be filed, to run the statute of limitations on unclaimed property reporting for that year.

North Carolina Department of State Treasurer Unclaimed Property Division encourages holders that are not currently in compliance with Unclaimed Property Laws to participate in a Volunteer Disclosure Program (VDP). This VDP allows a holder to conduct a self-examination of their books and records to determine if they hold property which is past due and reportable to North Carolina, and to remit such without being assessed interest or penalties.

Visit <http://www.NCCash.com/Reporting>, or contact us for more information to ensure compliance.



Review outstanding checks at least annually over a reasonable number of days and attempt to follow up with the payee. Consider remitting and reporting the payments to the State Treasurer if due diligence was not successful. Even if you have no escheats to remit, consider filing a negative report to run the statute of limitations on that reporting period.

SOCIAL SECURITY LIMIT FOR 2022

The Social Security wage maximum for 2022 increased to \$147,000; thus, you will need to make sure that your payroll software settings are adjusted for this limit in 2022.

PENSION LIMITS FOR 2022

Be sure that your payroll systems reflect these amounts; there are some changes from 2021. The 2022 amounts include –

- 401(k) or 403(b) maximum deferral - \$20,500 in 2022 (increased from \$19,500 in 2021), plus an additional catch-up of \$6,500 (unchanged) for those who turn age 50 or higher in 2021 and 2022.
- 401(k) maximum contributions from all sources in 2022 is \$61,000 (\$67,500 for those 50 or older). This is compared to \$58,000 (\$64,500 for those age 50 or older) in 2021.
- SIMPLE plans maximum deferral - \$14,000 in 2022 (increased from \$13,500 in 2021), plus additional catch-up of \$3,000 for those age 50 or older (unchanged from 2021).



Consider whether your 401(k) plan should offer a Roth deferral option. For those who defer at the maximum amount, a Roth option allows the individual (economically speaking) to defer an additional amount represented by the tax on their deferral contribution.

Also, a new comparability profit sharing allocation plan can benefit small businesses by allowing owners to reach or approach the \$61,000 total contribution limit (\$67,500 with catch-up) for 2022 with less total required funding than a profit sharing plan that is integrated with social security or uses another allocation formula.

To make this change effective for 2021, your plan document would need to be amended by December 31, 2021. **Beacon Pointe's Qualified Plan Specialist, W. Brad Mann, JD, QPFC** (bmann@beaconpointe.com or 336.275.9886) can help you analyze whether this makes sense for you.

FOREIGN BANK OR INVESTMENT ACCOUNTS

If you and/or any of your officers have any interest or signatory authority over any non-U.S. bank or investment accounts, please note that certain Treasury Department disclosures are probably required. The IRS has been aggressively auditing taxpayers in this area and penalties for non-compliance are significant. Foreign accounts include bank accounts, hedge funds, brokerage accounts, and other investments. Talk with us if you think that this requirement may apply to you. Please note that the due date is April 15, 2022, with a six-month extension available.

Other requirements exist for other foreign activities. Please make sure that you discuss any foreign investment, sales, purchases, or other activities with us.

CRYPTOCURRENCY AND DIGITAL ASSETS

An increasing number of clients are choosing to invest in cryptocurrencies and other digital assets. If this includes your business, there are a few tax issues of which you need to be aware.



Under IRS regulations, crypto and digital investments are capital assets; therefore, the sale of these are a short-term or long-term capital gain or loss. You cannot exchange one currency for another and avoid this result. Careful records must be maintained here for every acquisition and every sale. Trading platforms are not issuing detailed summaries for you to report on your tax return, so it is up to you to track this.

If you are engaged in mining cryptocurrencies, you should discuss this activity with us because this brings a whole different set of compliance issues. Also, if you receive staking income, this is ordinary income. Staking income from digital currency is the equivalent of interest income on a cash bank account.

In any case, the IRS is receiving details of cryptocurrency trades from the exchanges, and they are scaling up enforcement on those who do not report this activity on their tax return.

Finally, note that if your cryptocurrency is offshore, and your total holdings are valued at more than \$10,000, you may also have a Foreign Bank Account Report due. This is a required report to the Treasury Department, separate from your tax return. The penalty for failure to file this report, when required, is significant. You must engage us in writing to prepare this form if you are required to comply.

If you are receiving cryptocurrency as payment in lieu of cash, please discuss this with us as there are reporting requirements that need to be considered. Likewise, if you are paying contractors, employees, or vendors with cryptocurrency instead of cash, you need to consider the filing requirements and tax effects of these transactions.

TRAVEL PER DIEM RATES FOR 2022

The standard business mileage rate for 2022 is not available at the time of this letter's publication to compare to 56 cents for 2021. Follow us on twitter, visit our website at dmj.com, or check with your DMJ tax professional for the latest information on this.

The per diem travel rates for hotels, meals, and incidentals are as follows. These rates actually took effect on October 1, 2021.

The reimbursement rates are:

High Cost Areas	
• Lodging	\$222 (previously \$221)
• Meals and incidental expenses	\$74 (previously \$71)
Low Cost Areas	
• Lodging	\$138 (unchanged)
• Meals and incidental expenses	\$64 (previously \$60)

Let us know if you need the designated high cost areas for N.C., or other areas.

COMPENSATION PAID TO A CONTRACTOR IN NORTH CAROLINA

Senate Bill 523 was signed by Governor Cooper in 2019. Under this bill, businesses are required to withhold state income tax on payments to any of the following –

1. A nonresident contractor, meaning a nonresident individual or entity who performs for compensation any performance, entertainment, athletic event, speech, or creation of a radio, film, or television program. A nonresident entity can be a foreign LLC, partnership, or corporation, which has not received a certificate of authority from the N.C. Secretary of State.

2. An ITIN contractor, meaning an individual who does not have a social security number who performs services in NC other than wages for compensation. An ITIN is issued by the IRS to a person who is required to have a taxpayer identification number, but does not have one and is not eligible to obtain a social security number. The ITIN is a nine-digit number that begins with the number 9.
3. A person who does not provide a taxpayer identification number.
4. A person who does not provide a valid taxpayer identification number. Here the requirement is for compensation paid after the taxpayer is notified by the N.C. Department of Revenue that the number is invalid.

Details.

1. The tax is to be withheld at 4%.
2. The tax withholding requirement applies to businesses who expect to pay more than \$1,500 of annual non-wage compensation to a payee. The withholding requirement applies to all compensation paid when the total annual compensation is expected to exceed \$1,500 (not when it actually does exceed \$1,500). Retroactive withholding, on amounts when the total annual was not expected to exceed \$1,500, does not have to be withheld on later payments.
3. Payers should remit the tax to N.C. based on their existing N.C. withholding requirements.
4. Payers should report the N.C. withholding on Form NC-1099M. Payers must also annually file Form NC-3 with the state, along with a copy of the Form NC-1099M, to reconcile total withholding remitted to the total reported on Form NC-1099M.

NEXUS IN GENERAL



Are you sure that you are not doing business in new states? Talk with us if this may be the case. Note that states are increasingly aggressive at pursuing out-of-state businesses for sales/use and income taxes. Some indications that you may be doing business in that state include sending salespersons into that state, having payroll, leasing property, buying assets, etc.

Consult with us if you have activity outside of your home state, or if you believe that you may have filing exposure in other states.

SALES TAX – NOTE THE WAYFAIR COURT DECISION

If your company is making sales out of state, it is now easier for those other states to force you to collect sales tax on those sales. No longer is there a requirement that you have a physical presence in that state. Many states began enforcing this rule quite recently, so this is a good time to take a look at whether your company is correctly complying with these rules.

Please note that almost all states that impose a sales tax of some type have adjusted their sales tax requirements after the Wayfair decision. Please do not underestimate this risk.

Consult with us soon on whether you have sales tax assessment and withholding requirements for your sales out-of-state.

NORTH CAROLINA INCOME TAX NEXUS

N.C. adopted market-based sourcing effective January 1, 2020. Please consider how this may affect your business filings. First, an explanation.

States generally have two alternate methods of determining to which state a sale is attributable. This is relevant because a sale by a N.C. business to a V.A. customer could be claimed, for income tax nexus purposes, by either, or even both states. Example – a N.C. business provides a service in N.C. and delivers it via the internet to a V.A. customer.

The methods are –

1. Cost of performance sourcing. This is N.C.'s method through 2019. In cost of performance, one looks to where the costs were incurred in creating the product sold. In the example, N.C. considers this to be a N.C. sale as the work was done in N.C.
2. Market-based sourcing. This is N.C.'s method beginning in 2020, and most states are migrating to this method. In market-based sourcing, one looks to where the benefit of the sale was received by the customer. In the example, N.C. considers this to be a V.A. sale as that is where the customer is located.

Some important comments –

1. Note that this is the rule for income tax, not sales tax. For sales tax, consider the Wayfair decision above.
2. It is generally harder to create income tax nexus versus sales tax nexus. For income tax, you generally must have employees working in that state, or are renting or owning property located in that state. This is a generalization, and you should engage us to look at rules for specific states. For sales tax, after Wayfair, it is no longer necessary to have physical presence in the state to have sales tax nexus.
3. Note that as some states are still using cost of performance sourcing, it is possible for more than one state to claim that the revenue is attributable to their state.

Since N.C. has adopted market-based sourcing for 2020, be sure that your records of revenue by state are kept with that in mind. We would be happy to provide you with an update of the rules for each state, or consult with you about nexus-related matters.

OTHER SERVICES – BEST OF BOTH WORLDS

DMJ & Co., PLLC believes that we can provide the attention and service of a local CPA firm with the resources of a large regional firm. Those larger service offerings could include the following items. We can generally get an estimate of the amount of the benefit without a cost or obligation to you.

- **Cost segregation studies.** Have you placed business real estate in service this year? If so, we can determine if significant depreciation tax savings are available.

- Research and experimentation credits. If your business is developing new processes as part of doing business, have you considered whether a tax credit is available for this effort?
- International tax consulting. Please discuss with us before you venture beyond the U.S.
- We have specialized expertise in our firm in these and other areas: Mergers and acquisitions. Succession planning. Outsourced accounting services. Fraud detection and prevention.

DMJ understands the unique challenges that individuals, entrepreneurs, and privately-held businesses face. Our clients trust us to advise them with business objectives from formation to succession and through personal milestones and financial goals.

The feedback from our clients show that when their needs are being met, their worry is reduced, and an emotional bond is created knowing that their reporting, planning, strategic, and personal needs are being addressed.

By consulting with approximately 1,000 privately-held businesses, often through multiple generations of ownership, **our success as a firm is directly related to our clients' success.**



Personal attention. Verifiable results.
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CONCLUSION



DMJ has a secure portal available for you to upload the electronic files that you need to send to us. Speak to your DMJ representative if you want to gain access to the portal.

In closing, DMJ is committed to improving our connection with each client. We encourage you to stay in contact and learn more about our services and relevant news.



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Receive monthly email updates and relevant tax news by joining our mailing list by contacting contact@dmj.com.

Sincerely,

DMJ & Co., PLLC

Certified Public Accountants

