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## NEW SMALL BUSINESS REPORTING REQUIREMENTS

### NEW BURDEN FOR SMALL BUSINESS

#### CORPORATE TRANSPARENCY ACT; STARTING JANUARY 1, 2024

Starting January 1, 2024 a new mandatory ownership reporting will be required for small businesses (corporations, partnerships and LLC's).

In 2021, Congress passed the Corporate Transparency Act on a bipartisan basis. This law creates a new beneficial ownership information (BOI) reporting requirement as part of the U.S. government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.



Under this law, small corporations and LLC's will be required to provide to the Financial Crimes Enforcement Network (FinCEN) information on **all** "beneficial owners."

A beneficial owner is any individual who owns or controls at least 25 percent of the ownership interests of a company OR individuals who directly or indirectly "exercise substantial control" even if they are not actual owners.

FinCEN has only published the broad outlines of this law. As of this writing, they are still working on the details. The information so far states:

#### **Initial Reporting -**

Starting January 1, 2024, FinCEN will begin accepting Beneficial Ownership Information (BOI) reports for businesses formed before 2024. All required businesses must have the reports turned in during the 2024 calendar year.

Businesses being started after 1/1/2024 will have only 30-days to submit BOI documentation.

Required information will include ownership percentage, full legal name, social security number, date of birth, current residential address, driver's license number (or passport) and an image of the ID being used.

#### **Changes for Reports -**

In addition, if any of the above information changes through business ownership percentages, marriage, divorce, moving, or expiration of ID documents, then the new information has to be reported and updated ID images uploaded within **30 days** of the changes!

### Exclusions -

The only excluded restaurants would be ones with 20 or more full-time employees and more than \$5 million in sales the prior year.

Inactive entities are also excluded.

There is a list on the Kallas and FinCEN websites with more information on exclusions.



### Penalties-

Penalties for failing to comply with the filing requirements start at **\$500 per day** and there may be criminal penalties for willful failure to comply.

Penalties may be imposed on the entity and any person who causes the failure.

This is not an annual report. After the initial report, only changes need to be made but they must be made very promptly to avoid outrageous penalties.

Again, FinCEN has only published the broad outlines of this law. As of this writing, they are still working on the details.

Kallas will keep you informed as more information is released.



saying it may be a year or longer to get them.

The moratorium for new claims will last at least until the end of 2023.

The law is still on the books so the IRS may be forced to allow new claims at some point. Kallas will continue to monitor the situation and will keep you informed.

If you did not take the credit originally and believe you may be eligible, let us know and we can do a preliminary assessment for you. Once the moratorium is lifted we can file a claim on your behalf.

## MICHIGAN'S MINIMUM WAGE SET TO INCREASE ON JANUARY 1, 2024

**LANSING, MI** – On January 1, 2024, Michigan's minimum wage rate will increase from \$10.10 to \$10.33 per hour as set by [Michigan's Improved Workforce Opportunity Wage Act](#) of 2018 which establishes the annual schedule of increases.

Effective January 1, 2024:

- The minimum hourly wage will increase to \$10.33 per hour.
- The 85% rate for minors aged 16 and 17 will increase to \$8.78 per hour.
- The tipped employee rate of hourly pay increases to \$3.93 per hour.



There is pending litigation that might affect this minimum wage increase. For information regarding the [pending minimum wage litigation](#) and potential amended minimum wage rates as a result of that litigation, or a copy of the Improved Workforce Opportunity Wage Act and related

resources, visit [Michigan.gov/WageHour](https://Michigan.gov/WageHour).

## EMPLOYEE RETENTION CREDIT (ERC) UPDATE

The Employee Retention Credit (ERC) has been a once-in-a-lifetime boon to restaurant owners.

**When the tax credit was first announced, Kallas Restaurant Accounting was immediately applying for credits for our restaurant clients and to date, our clients have received over \$50 Million in tax refunds.**

But, the money was so good, a lot of scam artists and fly-by-night companies started getting into the act, did some heavy advertising and abused the law. These bad actors charged a percentage of fees based on the refunds, pressured ineligible business to file claims or just fraudulently created companies and filed false returns.

The amount of money going out of the U.S. Treasury was staggering.

So to staunch the bleeding, on September 14, 2023, the IRS announced a moratorium on new claims. In addition, if you had a claim already filed at the time, the IRS slowed the refund process to better vet the eligibility of the claims. If you have not received your ERC refunds to date, the IRS is

## REFRESHING YOUR CONCEPT

Some restaurants never change. And for some, that is a good thing. But even tried and true restaurant concepts need refreshing over time.

For most, a particular restaurant concept probably will not last forever.

Some reasons a restaurant concept might lose popularity and need to be refreshed include: demographic shifts around your locations, shifts in popularity of menu items, fashion trends or your interior design just starts looking old and tired.

COVID gave some restaurateurs an opportunity to reassess their concepts. Should outdoor dining be expanded?

Should carry-out service be enhanced? Should you consider delivery?



Some restaurant owners keep their units fresh by changing concepts after six or eight years. However, this is a costly undertaking.

Other restaurant owners use different methods to retain customers.

### **Present a Limited Menu That Changes Frequently.**

Some restaurants are limiting their menus to five to eight appetizers and five to ten entrées supplemented by several appetizer and entrée specials. (This change is facilitated by the restaurant's ability to print its own menus.) Restaurants who use this method frequently maintain less inventory, experience less waste, and have a better quality at less cost (because the restaurant can take advantage of seasonal price fluctuations and not include out-of-season items on the menu). If the restaurant uses menu engineering techniques, it can keep the most profitable and popular items on the menu at all times.

**Combine Two or More Concepts Under the Same Roof.** Some restaurants have two separate concepts [in some cases that have peak hours at different times of the day (e.g. a combination donut shop and pizza parlor)] under the same roof. The restaurant might use separate signage for the two concepts and might divide the facility into two, with separate counters and a shared eating space. Alternatively, a traditional restaurant might add menu items from another concept. Many non-ethnic restaurants have nachos or egg rolls on the menu. Some pizza parlors make a Mexican pizza.

### **Add Adkins, Healthy, Low Carb Diets to the Menu.**

Almost all of the chains and independents have added some form of healthy menu items. Fast food restaurants are focusing on adding salads to their menus to encourage health conscious patrons to return.

**Focus on Holiday or Special-event Take-out.** Fine dining restaurants generally are not considered to be "take-out" places. However, many fine dining restaurants are fulfilling their patrons' desire for high quality food on holidays by selling components of a meal. (e.g. pies at Thanksgiving and special cookie packages at Christmas) or complete dinners (e.g. turkey dinners with all the trimmings at Thanksgiving) that can be taken home and served to family or guests.

**Provide Outside Catering** for Small Office Parties, Sporting Events, Meetings, or Companies with Employees Who Cannot Leave the Premises at Lunch. Some restaurants that experience smaller lunch crowd than dinner have enough idle capacity to provide catering. They might offer a range of services, from merely preparing the food, to delivering the food and setting up the event, to staffing the event. Some employers do not allow their highly compensated workers to leave the premises at lunch (e.g. stock traders), yet want to maintain morale. They might contract with a particular restaurant to provide daily lunches for all employees.

**Create Package Meals.** European restaurants traditionally provide a fixed price menu. Many U.S. restaurants are adding fixed price menus that include an appetizer, salad, entrée, and dessert – generally for a very reasonable price.

**Improve Frequent Dining Programs.** Many restaurants have added frequent dining programs to encourage repeat traffic. In the past, those programs generally were paper based. New programs are computer-based. When filling out the documentation for a computer based frequent dining program, the restaurant typically can send targeted emails detailing menu changes and holiday hours, providing special coupons, or just reminding customers to come in.

**Use Mid-market Concept.** As traditional fast food restaurants have shown signs of waning in popularity, some restaurants have begun providing a mid-priced, mid-service alternative. The menus in these restaurants include more variety than a typical fast food restaurant, and might use higher quality, more exotic ingredients. The restaurant premises might look more like a casual dining operation, and include a limited selection wine bar and special condiments. Although table service generally is not provided, the furniture and fixtures typically are a step up from traditional fast food outlets.

## 2023 HOLIDAY SCHEDULE

Our office will be closed on:

- November 23 & 24 for Thanksgiving.
- December 25 for Christmas.
- January 1 for New Years.

While the phones will be off, some employees may be processing faxed and e-mailed payrolls.

You can always fax or e-mail your payroll - they are available 24/7.

PAYROLL FAX : 313-962-7113  
 PAYROLL FAX 2 : 313-394-1905  
 PAYROLL E-MAIL: payroll@kallascompany.com

Due to the quantities of payrolls being processed, those payrolls not called in by the listed times WILL NOT go out until OUR next business day. We ask that you keep to your scheduled call-in time and day. Payrolls called in earlier than the call in day will not be processed until your scheduled call in day.

Clients using "My Go" anywhere-anytime payroll and the Paperless Paycard service will see no delay in payroll due to the holiday.

Normal call day	Call this day
Thursday Nov 23	Wednesday Nov 22
Friday Nov 24	Wednesday Nov 22
Monday Dec 25	Tuesday Dec 26
Monday Jan 1	Tuesday Jan 2

We offer a COURIER SERVICE or Next Day UPS or PICKUP if you do not want to rely on the regular mail during the holidays. There will be an additional charge for these services.

If you need to change your payday due to the holidays; please let us know when calling in your payroll.

If you are not using "My Go" and the paperless service, please give us a call after the holidays so we can show you how you could benefit from "Cloud" services.

## YEAR END IS FAST APPROACHING

### NOVEMBER TO DO LIST

- Ask your employees to review the information on their check stubs before year-end. Especially social security numbers, name spelling, and addresses. An incorrect social security number can cause several hundred dollars in penalties for each instance plus rejection of your W-2's.

### DECEMBER TO DO LIST

- Give us any missing or corrected employee information. This includes addresses, names, social security numbers.
- Give us any information on bonuses, taxable fringe benefits, auto reimbursements, health insurance premiums or any other information that will be needed to produce W-2's.
- If you are a large tipping establishment, give us any information regarding completion of the Annual Return of Tip Income and Allocated Tips.
- Submit any information needed to prepare 1099-Misc Income for your contractors. *Please note penalties for late 1099's have gone up!*
- For any purchases or sales of businesses during year, we will need legal docs by now.
- Any new construction or major equipment purchases should be to us by now.

### JANUARY TO DO LIST

- Send us your Personal Property Tax Form when you receive it in December or January.
- Send us your new Unemployment rate when you receive it in January. There is a fee if we have to research your rate.
- Turn all 2023 bookkeeping before January 20. Any accounting work for Jan-Nov received after Jan 20 will be billed a premium due to being late.
- If you are liable under ACA to provide health insurance to employees you should have waivers signed and submit a list to Kallas. 1095-C are due to employees January 31.
- Don't forget all Kallas fees need to be paid up to date to receive W-2's and 1095-C forms.
- You should receive your 2023 tax organizer for personal income taxes. Complete and return to Kallas.

## NEW PORTAL SOFTWARE TO SIMPLIFY PERSONAL INCOME TAXES

April 15 always seems to sneak up, and surely this year will be no different. While there's no escaping the tax deadline, this year could be the easiest tax season ever thanks to an upgraded document portal for income tax clients.



TaxCaddy makes it easier than ever to gather your 1040 tax documents and deliver them to us, communicate with us, answer your questionnaire electronically, and sign documents like the e-file authorization. We're excited about this powerful, free solution and we think you will be, too.

You can use your phone, computer, tablets. Whatever makes it easiest for you!

TaxCaddy uses the following steps to streamline the tax return process and minimize stress:

1. Review and complete the tax organizer & questionnaire. The organizer provides you with your prior year information and helps your tax professional gather valuable information about you that may impact your tax return.
2. Provide electronic documents whenever possible. The electronic tax documents obtained directly from your banks and brokerages are high quality and easy to read, which minimizes errors. If you want, you can link your bank, brokerage, etc direct to TaxCaddy to pull the information without hunting. Or, upload documents using the photo feature on your phone.
3. Respond to communications from your tax professional as quickly as possible with direct text-style messaging. Often our questions just require a short answer to finalize the preparation of your tax return.
4. Review your prepared tax return as soon as it's available so that any necessary corrections can be made well before the April 15 filing deadline. If no corrections are needed, sign the e-file authorization to complete the process.
5. Pay your taxes and estimates directly from TaxCaddy! Once you get your tax Vouchers with your return, just fill in the form and have TaxCaddy make the payment on your behalf.

Once you receive the invitation there are three easy steps to get started. In the meantime, if you'd like to learn more about TaxCaddy visit <https://taxcaddy.com/> (Note: Don't use the "Sign Up Free" option on the TaxCaddy website. You'll use a link we'll include in our upcoming invitation.)

## 10 RED FLAGS FOR NEW RESTAURANTS

After 40 years advising new restaurant owners, I have come up with 10 of the most common red flags that, when present, increase the risks of failure

1. Not having a good idea of the type of customer you want to draw and the corollary; not providing an appealing experience for that customer.
2. Having multiple partners with roles and functions not clearly documented. Misunderstandings between partners are more common than you may think and can ruin an otherwise successful project.
3. Underestimating what it costs to open or take over an existing restaurant and the corollary; being undercapitalized.
4. Not having prior restaurant experience in at least a general manager capacity.
5. Not having prior restaurant experience and thinking you can hire people to do everything.
6. Thinking you are going to save money being your own lawyer or accountant and the corollary; having poor legal or financial records.
7. Do it yourself accounting. This may be self-serving but if you ask any consultant, the absence of well organized and implemented accounting systems is a big factor in failures.
8. Not enough sales. You can fix just about any problem in a restaurant but if the sales is not there, your chances of success go down significantly.
9. Over-leveraged and the corollary; paying too much for what the restaurant is capable of producing.
10. Not having weekly reports and paying attention to prime costs. (labor, food and beverage)



# ARE YOU REQUIRED TO FILE UNDER THE ACA RULES?

NOW IS THE TIME TO THINK ABOUT IT

The Affordable Care Act requires that every business with over 50 full-time equivalent employees offer health insurance to its full-time employees and file forms with the IRS and with employees.



The ACA rules a quite complex. If you own more than one location, you must combine locations for purposes of the 50 employee test.

Yearly testing is required and there are specific rules which

define an "offer". Rules on how to count full and part-time employees. Rules on how ownership is determined for multi-location chains. And legal techniques on how to avoid actually having to buy expensive health insurance for certain employees.

Penalties for non-compliance are horrible and can run into the 10's of thousands of dollars. If you are unsure whether you are liable, call our office to make sure you are on our ACA testing list.

Kallas has provided the filing service and ACA advising service for all its payroll clients since the law was passed.

Be aware, though, that Kallas cannot provide the ACA service unless you use the Kallas payroll service.

If you are using a non-Kallas payroll service and you are liable for ACA, please contact your payroll company now and talk to them about your ACA obligations.

Or, as a better option, Kallas would welcome your payroll business and your ACA obligations would be covered by knowledgeable accountants.

If you have any questions, call Jordan or George at 313-962-6000.

## Calendar for December 2023, January, February 2024

### December 7

- Deadline for any missing or incorrect employee W-2 information, year end bonuses, taxable fringe benefits, auto reimbursements, and health insurance premiums. Inform us if you want W-2s sent any special way.

### December 15

- Corp: Taxes due for September fiscal year.
- ACA: Kallas will notify you of your filing obligations for 2023 and 2024.
- Estimated Taxes due for fiscal year ending April, June, September or December.
- Payroll: If you are a monthly depositor, your Federal coupon and taxes should be paid on-line.

### December 21

- Michigan Sales, Use and MBT estimates due.

### December 25

- Kallas closed for Christmas.

### January 1

- Kallas closed for New Year's.
- Michigan's minimum wage rate will increase from \$10.10 to \$10.33 per hour. The tipped employee rate of hourly pay increases to \$3.93 per hour. As time of publishing, there is pending litigation that might affect this minimum wage increase.
- ACA: If you are over the 50 full time threshold, you should start compliance for 2024 by obtaining a legitimate health insurance offering to your full time employees and their dependents and obtaining waivers for those who opt out.
- You should receive your personal property tax statement

from the city. Mail this statement to Kallas immediately.

- New reporting requirements start requiring Beneficial Ownership Information reports with FinCEN.

### January 5

- For those of you who are required to file under the 8% tip law, have your final year-end sales to us by today.

### January 10

- W-2's will be mailed from our office starting today.

### January 15

- Individuals: Final installment of your 2023 estimated tax due.
- Corp: Taxes due for October fiscal year.
- Corp: Estimated Taxes due for corporations with fiscal year ending January, May, July or October.
- Payroll: Your Federal coupon and taxes should be paid.

### January 20

- Michigan Sales, Use and MBT estimates due.
- Any accounting work for Jan-Nov received after Jan 20 will be billed a premium due to being late.

### January 25

- UIA form 1020 due for 4th Quarter.

### January 31

- Furnish Forms 1098, 1099, and W-2G to recipients.
- Furnish Form W-2 to full time employees.
- Furnish Form 1095-C to employees who received health insurance through your business.
- Deposit any FUTA tax owed through December 2022.

- File Forms 940, 941, 943, 944 and/or 945 if you did not deposit all taxes when due.

### February 1

- File Form 632 (L-4175), Personal Property Statement to city of business.

### February 12

- Kallas Restaurant Accounting closes the books for all calendar clients. Any 2023 bookkeeping material submitted after this date requires a billable work order.

### February 15

- Furnish Forms 1099-B, 1099-S and certain Forms 1099-MISC to recipients.
- Corp: Taxes due for November fiscal year.
- Corp: Estimated Taxes due for corporations with fiscal year ending February, June, August or November.
- Payroll: Your Federal coupon and taxes should be paid.

### February 20

- Michigan Sales, Use and MBT estimates due.

### February 28

- File information returns, including Forms 1098, 1099 and W-2G.
- File Form W-3 with Copy A of all Forms W-2 issued for 2023.
- File Form 8027 Tip Reporting if you are a large food or beverage establishment.