O’NEIL CANNON SERVES AS LEGAL ADVISOR TO GUETZKE AND ASSOCIATES IN ITS SALE TO RYAN FIREPROTECTION, INC.

O’Neil Cannon advised Guetzke and Associates in its recent sale to Ryan Fireprotection, Inc. Established in 1977, Guetzke and Associates is the premier provider of fire alarm and detection systems in Southeast Wisconsin. Its services include engineering, design, installation, service, inspections, and monitoring. Ryan Fireprotection is one of the largest fire protection companies in the Midwest providing a full range of high-quality, custom fire protection systems. As Ryan Fireprotection stated, “We can’t wait to combine our efforts to Protect. Prevent. Preserve!”

The O’Neil Cannon deal team was led by Chad Richter with assistance provided by Britany Morrison, Sam Nelson, and Erica Reib.

IMPORTANT UPDATE FOR PAYPAL AND VENMO USERS: IRS POSTPONES 1099-K REPORTING REQUIREMENT!

The IRS recently made a significant decision that could impact users of platforms like PayPal’s Venmo and Etsy. It has chosen to delay a requirement set by a 2021 law, which mandates companies to send tax forms (1099-K) to customers involved in business transactions surpassing $600.

Key Takeaways from the Delay

This delay for the 2024 filing season brings a sigh of relief for casual sellers, as they will not be receiving the 1099-K form for now, which usually contains information about gross payments made on these platforms. However, keep in mind that taxpayers are still responsible for reporting their income from these transactions on their tax returns.

Changes in Reporting Thresholds

For the upcoming filing season, the IRS is sticking to the old reporting threshold. This requires e-commerce companies to report transactions exceeding $20,000 in gross payments and more than 200 transactions. However, there is a significant change in the pipeline! Starting in

tax year 2024, the IRS plans to transition to a new rule, gradually increasing the reporting threshold from $600 to $5,000.

Steering Clear of Confusion

One reason behind this delay is the confusion among taxpayers about which transactions are reportable under the new law. For instance, sales between friends and family or selling personal items like used clothing, furniture, or other household goods at a loss might trigger a 1099-K, even though they don't result in tax liabilities. On the flip side, sales by small businesses generating profit could be taxable.

Congress' Response

Lawmakers are actively proposing various thresholds—$5,000, $10,000, and $20,000—to simplify things for taxpayers. Meanwhile, the IRS is proceeding cautiously, working to implement the law while legislators explore potential solutions.

Your Input Matters: Seeking Feedback

The IRS wants your input! It is open to suggestions about the $5,000 threshold for 2024 and strategies to streamline reporting for taxable transactions. Tax professionals and anyone affected by these changes are encouraged to share their thoughts.

What to Expect Next

To sum up, personal transactions like splitting bills won't fall under the reporting requirements. But keep in mind, there's a $5,000 threshold planned for 2024. The IRS aims to simplify the reporting process for taxpayers and tax pros amidst these changes.

Bottom Line

The IRS has hit pause and is transitioning to a $5,000 threshold for 2024, all in an effort to strike a balance between compliance and reducing confusion for taxpayers. As the IRS continues to navigate these changes, your feedback remains critical in shaping a more manageable way to report taxable transactions.

HARMONY OF LEGACY: A 12-DAY ESTATE PLANNING CELEBRATION (DAYS 5 TO 8)

To continue our holiday series “Harmony of Legacy: A 12-Day Estate Planning Celebration,” we share with you four more days. In case you missed our first few verses, you can find them here.

Day 5: Five Golden Rings = Jewelry and Prized Possessions

On the fifth day of Christmas, our attention turns to our favorite things. How to divvy up jewelry and other valuable possessions can lead to disputes among family members and beneficiaries. Wisconsin law permits you to have a separate, signed, and dated document in conjunction with your will or trust through which you leave particular items to specific individuals. But remember – Wisconsin does not permit holographic wills, so do not try to leave things via this method without a complete estate plan.

Day 6: Six Geese-a-Laying = Conserving Your Family’s Legacy

Six geese-a-laying bring forth the theme of legacy preservation on our sixth day. If you strategically lay the groundwork today, you can ensure a lasting impact on your family’s prosperity and values. To preserve your wealth for future generations, consider creating a dynasty trust, which allows for the precise distribution of wealth. The “generation-skipping transfer tax” or “GSTT” can devour a large portion of your wealth before reaching your grandchildren or great-grandchildren. A dynasty trust helps you avoid estate taxes by skipping generations when transferring assets. You can provide your grandchildren, and even great-grandchildren, with the assets necessary to achieve their dreams.

Day 7: Seven Swans a Swimming = Durable Financial Powers of Attorney

Keep your financial affairs afloat with a Durable Financial Power of Attorney. This document provides protection during your lifetime if you are incapacitated and unable to make financial decisions. In a Durable Financial Power of Attorney, you appoint someone to be your agent to manage your financial affairs and act on your behalf. If you become incapacitated without a Durable Financial Power of Attorney, your family would have to go to court to have someone appointed to handle your affairs. Read more about the importance of a Durable Financial Power of Attorney.

Day 8: Eight Maids-a-Milking = A Moo-ving Guide to Health Care Powers of Attorney

As we explore the theme of giving on the eighth day, your Health Care Power of Attorney can play a vital role in ensuring your medical wishes are carried out, even if you cannot speak for

yourself. Your HCPOA is an often overlooked yet crucial document. An HCPOA is a legal document in which you appoint a trusted individual as your “health care agent” to make medical decisions on your behalf if you are unable to do so. Your health care agent can ensure your medical wishes are heard and respected. HCPOAs are also important for your young-adult family members.

Stay tuned for more valuable insights in the upcoming days as we continue our “12 Days of Christmas” estate planning series!

NAVIGATING THE CORPORATE TRANSPARENCY ACT: A MUST-READ FOR EVERY BUSINESS OWNER

Effective January 1, 2024, the Corporate Transparency Act will apply to a significant number of United States business entities and owners. This pivotal legislation is not just another regulatory hurdle; it marks a significant shift in how businesses operate in terms of transparency and accountability. Every business owner needs to understand the CTA and its implications for their business. In this article, we delve into the requirements under the CTA, equipping you with much of what you need to know to stay compliant.

1. What is the Corporate Transparency Act?
   - At its core, the CTA introduces new reporting requirements for businesses, a move aimed at enhancing transparency.
   - The CTA mandates that all reporting companies disclose specific details about their “beneficial owners” and “applicants” (described below) to the U.S. Treasury Department’s Financial Crimes and Enforcement Network.
2. Compliance Timeline: A Closer Look
   - *For Existing Entities*: If a business entity was formed prior to January 1, 2024, the business has a one-year window to submit a beneficial owner information report.
   - *For New Entities*: If a business entity was formed on or after January 1, 2024, the business has 90 days after its formation to submit a beneficial owner information report.
3. What Information Must be Reported?
   - Each beneficial owner and applicant is required to provide comprehensive personal information, including their full legal name, date of birth, current residential or business address, and a photocopy of a passport or driver’s license.

4. Identifying “Beneficial Owners” and “Applicants”

- A “beneficial owner” is a person who either (1) owns 25% or more of an entity, or (2) exercises substantial control over the entity (e.g., any senior officer or director). In particular, the degree of control over an entity that constitutes substantial control is a heavily fact-based determination and often requires familiarity with the intricacies of a business entity’s organization and structure.
- An “applicant” is a person who files an application to form or register a business by filing a document with the secretary of state or similar office.

5. The Need for Amendments: Keeping Information Up to Date

- **STAY VIGILANT**: Any changes in the reported information must be amended within 30 days, even if they seem minor.

6. Who are the “Reporting Companies”?

- A “reporting company” includes all entities formed or registered to do business in the U.S. through a filing with a secretary of state or similar office—including corporations, LLCs, LLPs, etc.—unless an exemption applies.
- Entities not created through such state filings, such as most trusts, are not subject to the CTA.

7. What Entities are Exempt from the Reporting Requirements?

- The CTA lists 23 exemptions, including:
    - “Large operating companies,” defined as entities with (1) over 20 full-time U.S. employees; (2) more than $5 million in revenue, and (3) a physical presence in the U.S.
    - Nonprofit entities, political organizations, and certain tax-exempt trusts.
    - Public companies, insurance companies, banks, registered investment companies, and other entities already subject to sufficient regulatory oversight.
    - Inactive entities no longer engaged in active business.
    - Subsidiaries wholly owned by the above exempt entities.
- Entities that are exempt for any of these purposes, or pursuant to any of the other exemptions listed in the CTA, do not need to take further action under the CTA.

8. Will the Reported Information be Publicly Available?

- No, beneficial ownership information reports and the information contained therein will not be publicly available.
- The information may be disclosed legally only to law enforcement agencies in specified circumstances and, with the reporting company’s permission, to banks for their Know-Your-Customer obligations.

9. What are the Penalties for Noncompliance?

- The penalties can be significant, with fines up to $10,000 and potential imprisonment. Additionally, these penalties do not only apply to the company: individuals in key positions may also be held accountable.

10. The Broader Impact: Why the CTA Matters?

    - Most states do not require information about the beneficial owners of business entities, which can sometimes allow bad actors to conduct illicit activity through corporate structures and evade detection.
    - The CTA seeks to enable law enforcement efforts to counter money laundering, tax fraud, human and drug trafficking, the financing of terrorism, and other illicit activity.

The CTA represents a significant shift in the corporate regulatory environment. Understanding and adapting to it is not optional, but essential. At O'Neil Cannon, we're dedicated to helping our clients navigate the complexities of the CTA and ensure compliance. If you have any questions or need assistance with CTA compliance, please do not hesitate to contact us.

HARMONY OF LEGACY: A 12-DAY ESTATE PLANNING CELEBRATION (DAYS 1 TO 4)

Day 1: A Partridge in a Pear Tree = The Foundation of Your Estate Plan

Welcome to our "12 Days of Christmas" Estate Planning Series. On the first day, let's start with the basics of how to protect your family tree—or those outside your family tree—with the solid foundation of an estate plan. Whether you are single or married, with children or without, everyone should have an estate plan to assist with their affairs while living and to pass their assets upon their death. What type of plan you should have depends upon a variety of factors and will involve different legal documents. Find out more in our article What is an Estate Plan?

Day 2: Two Turtle Doves = Planning for Couples

On the second day of Christmas, we focus on couples. People are often surprised to learn that Wisconsin does not recognize common law marriages. To protect a non-spousal partner, estate planning is essential. For married couples, Wisconsin is a community property state, which generally means that all debt and assets acquired or earned during marriage belong to both spouses, regardless of title. There are some exceptions and planning can be done before or after a marriage to protect assets for wealth management, divorce, and estate purposes. Our article A Brief Overview of Wisconsin's Marital Property System provides additional information.

Day 3: Three French Hens = Trusts

Three French hens symbolize trusts and protecting your nest egg for yourself and future generations. There are many types of trusts to cover varying needs. A revocable trust is the centerpiece of many estate plans and provides flexibility to provide for yourself and your loved ones. In the spirit of holiday giving, you may decide to include a Charitable Remainder Trust in your estate plan, or your estate plan may benefit from some specialized trusts such as a Spousal Lifetime Access Trust or an Irrevocable Income Only Trust.

Day 4: Four Calling Birds = Wills

On the fourth day of Christmas, we address the best-known aspect of an estate plan: the will. Many estate plans use a "pour over will," which calls out to the revocable trust and pours any estate assets into the trust. In other situations, a simple will without a trust may be all you need to distribute your assets. Regardless of the type of will, it must be properly created, and state laws differ on what is needed to create a valid will. Wisconsin law does not permit a "holographic will"—a will that is handwritten, signed, and dated by the person making it. Some states do permit such wills, but the recent Aretha Franklin case demonstrates the disputes that can arise from holographic wills.

Stay tuned for more valuable insights in the upcoming days as we continue our "12 Days of Christmas" estate planning series!

TAX AND WEALTH ADVISOR ALERT–IRS ANNOUNCES CHANGES TO ESTATE AND GIFT TAX EXEMPTIONS FOR 2024

The IRS allowed amounts of the federal gift, estate, and generation-skipping transfer tax exemptions will materially increase in 2024. With exemptions reaching historically high levels, this presents a golden opportunity for strategic and tax-free gifting. In this post, we'll explore the key changes and opportunities you should consider for your financial planning.

Exemption Amount Increase:

Starting in 2024, the gift and estate tax exemptions will increase to $13,610,000, allowing individuals to transfer significant assets during their lifetime or at death without incurring gift or estate tax. For married couples, the combined exemption rises to $27,220,000. If you have already maximized your lifetime gifts under current limits, additional tax-free gifts of up to $690,000 per individual or $1,380,000 per married couple can be made in 2024.

GST Tax Exemption Boost:

The GST tax exemption is also set to increase to $13,610,000 ($27,220,000 per married couple) in 2024. This opens doors for strategic gifts to trusts, benefiting grandchildren or more remote descendants, and leveraging the increased GST exemption.

Annual Exclusion Amount Rise:

In addition to the significant increases in exemption amounts, the annual exclusion amount is climbing to $18,000 per recipient (or $36,000 for married couples splitting gifts) in 2024. This means tax-free gifts can be made to an unlimited number of recipients. Furthermore, the special annual exclusion from gift tax on gifts to a non-U.S. citizen spouse will see an increase to $185,000 in 2024.

Maximizing Gifts in 2024:

The year 2024 presents exceptional opportunities for gift planning, considering the increased exemptions and the potential for depressed asset values in certain sectors. As the current exemptions are scheduled to be halved at the end of 2025 without further congressional action, there's a limited window to take advantage of these higher limits.

Action Steps for 2023:

As the end of the year approaches, don't forget that the 2023 annual exclusion amount is $17,000 per recipient. Make sure you make your annual exclusion gifts before December 31, 2023.

To navigate these changes and make informed decisions about your gift and estate planning, reach out to our Tax and Estate Planning Team. We can provide personalized insights into how these changes may impact you.

SUPER LAWYERS RECOGNIZES 28 O'NEIL CANNON ATTORNEYS

Each year, *Super Lawyers* surveys the State of Wisconsin's 15,000 attorneys and judges, seeking the State's top attorneys. Recently, *Super Lawyers* published its lists for 2023, which include the Top 10 Attorneys in Wisconsin, Top 50 Attorneys in Wisconsin, Top 25 Attorneys in Milwaukee, Super Lawyers (consisting of the top 5% of attorneys in Wisconsin), and Rising Stars (consisting of attorneys who are 40 years old or younger or who have been in practice

for 10 years or less).

Twenty-nine of our attorneys were recognized by *Super Lawyers*, which has referred to the firm as “the Milwaukee mid-sized powerhouse.” Those attorneys are the following:

- Nick Chmurski:
    - Rising Star
- Doug Dehler:
    - Super Lawyer
- Jim DeJong:
    - Super Lawyer
- Seth Dizard:
    - Top 50 Attorneys in Wisconsin
    - Top 25 Attorneys in Milwaukee
    - Super Lawyer
- Pete Faust:
    - Super Lawyer
- John Gehringer:
    - Super Lawyer
- Joseph Gumina:
    - Super Lawyer
- Jessica Haskell:
    - Rising Star
- Mike Kennedy:
    - Rising Star
- Grant Killoran:
    - Super Lawyer
- Dean Laing:
    - Top 10 Attorneys in Wisconsin
    - Top 50 Attorneys in Wisconsin
    - Top 25 Attorneys in Milwaukee
    - Super Lawyer
- Trevor Lippman:
    - Rising Star
- Greg Lyons:
    - Super Lawyer
- Patrick McBride:
    - Super Lawyer
- Britany Morrison:
    - Rising Star
- Joe Newbold:
    - Super Lawyer
- Erica Reib:
    - Rising Star
- Chad Richter:
    - Super Lawyer

- Ryan Riebe
    - Rising Star
- John Schreiber:
    - Super Lawyer
- Jason Scoby:
    - Super Lawyer
- Steve Slawinski:
    - Super Lawyer
- Kelly Spott:
    - Rising Star
- Christa Wittenberg:
    - Rising Star

Super Lawyers is a national rating service that rates attorneys in all 50 states. The selection process utilized by *Super Lawyers* is multi-phased and includes independent research, peer nominations, and peer evaluations. One court recently had this to say about *Super Lawyers*:

> "[T]he selection procedures employed by [*Super Lawyers*] are very sophisticated, comprehensive and complex. It is abundantly clear . . . that [*Super Lawyers* does] not permit a lawyer to buy one's way onto the list, nor is there any requirement for the purchase of any product for inclusion in the lists or any quid pro quo of any kind or nature associated with the evaluation and listing of an attorney or in the subsequent advertising of one's inclusion in the lists."

We are proud to be one of the few firms in Wisconsin that had more than 50% of its attorneys receive recognition by *Super Lawyers.*

O'NEIL CANNON RANKED BY BEST LAW FIRMS® IN 2024

O'Neil Cannon has been recognized in the 2024 edition of Best Law Firms, ranked by *Best Lawyers*, regionally in 16 practice areas:

- Bankruptcy and Creditor Debtor Rights / Insolvency and Reorganization Law
- Business Organizations (including LLCs and Partnerships)
- Commercial Litigation
- Construction Law
- Corporate Law

- Employment Law – Management
- Litigation – Bankruptcy
- Litigation – Insurance
- Litigation – Labor and Employment
- Mergers and Acquisitions Law
- Personal Injury Litigation – Plaintiffs
- Product Liability Litigation – Defendants
- Real Estate Law
- Securities / Capital Markets Law
- Tax Law
- Trusts and Estates Law

Firms included in the 2024 Best Law Firms list are recognized for professional excellence based on ratings from clients and peers.

TAX REFORM BILL PASSES WITH ADVOCACY FROM BRITANY MORRISON AND NANCY WILSON

Britany Morrison and Nancy Wilson, as directors of the Wisconsin State Bar's Taxation Law Section Board, advocated for the inclusion of the Internal Revenue Code Section 1202 stock provisions in Assembly Bill 406, now 2023 Wisconsin Act 36. The Taxation Law Section Board collaborated with its government liaison and lobbyist, who then successfully championed the proposed change. Act 36 rectifies Wisconsin's tax statute, bringing it in line with the federal guidelines regarding the retroactive date for the 100% capital gain exclusion under IRC Section 1202.

The revised legislation aligns Wisconsin's statutes with the federal rules concerning the exclusion of capital gains from the sale of shares of qualified small businesses, commonly known as 1202 Stock. It allows for a 50% exclusion rate upon sale for stock acquired after August 10, 1993, and before February 17, 2009; a 75% exclusion rate for stock acquired after February 17, 2009, and on or before September 27, 2010; and a full 100% exclusion for stock acquired after September 27, 2010. This marks a significant departure from Wisconsin's previous limitation of a maximum 50% exclusion.

Thanks to the entire Section Board for helping to shape the future of taxation in Wisconsin.

THE WILAW QUARTERLY NEWSLETTER

Newsletter Article Highlights:

- An Introduction to Earnouts for the Seller of a Registered Investment Advisor
- Understanding the “Step-Up in Tax Basis”: A Summary of IRC Section 1014 and Double Stepped-Up Basis for Marital Property in Wisconsin
- Dust Off Those Handbooks–The NLRB Has Changed Its Rules (Again)
- Ex-Attorney Convicted of Stealing More Than $800,000 from Elderly Victim with Dementia

Firm News:

- 19 O’Neil Cannon Lawyers Selected as 2024 Best Lawyers; Another 4 Named Best Lawyers: Ones to Watch
- Christa Wittenberg Featured on State Bar Podcast

Click the image below to read more.