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**2022 Gift and Estate Tax Changes**

- The annual exclusion for gift tax purposes increases to \$16,000 per year per recipient. For non-citizen spouses, the annual exclusion increases to \$164,000 per year. (Gifts to a citizen spouse are unlimited.) The federal gift and estate tax applicable exclusion amount increases to \$12,060,000. For farm families, the benefit of the election to value farm real estate at its farm use value is limited to a maximum reduction in value of \$1,230,000.
- There are discussions in Congress to reduce the applicable exclusion beginning January 1, 2022 to \$6,030,000; however, the farm use value provision may allow farm real estate to be reduced by up to \$11,700,000. Please note that this provision cannot be used to eliminate the value of the real estate, so you might need \$20,000,000 to \$30,000,000 of farm real estate to make full use of this provision if enacted. In that case, the resulting value of the estate may still exceed the \$6,030,000 exclusion amount. Again, these are discussions. We still do not know what provisions, if any, may be enacted.

**Please call with any questions.**

## CORPORATE TRANSPARENCY ACT

**Corporations and LLCs Required to Report Owners and Members**

Certain entities will soon be required to report to a federal agency information that until now has been largely private, thanks to criminals from around the world and every walk of life who use anonymous shell companies to hide their stolen funds and property in the United States.

The Corporate Transparency Act, part of the National Defense Authorization Act, was enacted by Congress on January 1, 2021, as a new anti-money laundering provision. It requires "reporting companies" to identify the "beneficial owners." Reporting companies includes for-profit and non-profit corporations, limited liability companies, limited partnerships, and similar entities that file with the respective secretaries of state. (For now, general partnerships and trusts are not included.) The reporting

companies must report the names, dates of birth, addresses, and identification numbers of their beneficial owners. A beneficial owner is a person who, directly or indirectly, exercises substantial control over the entity or owns or controls 25% or more of the equity in the entity. If information previously reported changes, reporting companies have 30 calendar days to file an updated report, and if information filed is inaccurate, the company would have to file a corrected reported within 14 calendar days of discovering the inaccuracy.

The reports must be filed with FinCEN (the United States Treasury Department's Financial Crimes Enforcement Network). New federal regulations for the reporting requirements are due on January 1, although some delay is expected. The proposed regulations were published in the December 8, 2021, Federal Register (86 Federal Register No. 233 at page 69920).

*cont'd on page 2*

## CORPORATE TRANSPARENCY ACT *cont'd*

Existing entities are expected to file the report within one year of the effective date of the final regulations, and thereafter update ownership and address information within a year of any change to beneficial ownership. Newly formed entities must provide the information within 14 calendars days of creation or registration.

Exceptions to the reporting requirements will include entities already subject to beneficial ownership reporting (such as non-profits and financial institutions), regulated public utilities, publicly traded companies, and “large operating companies” with 20 or more employees, whose previous year tax returns report more than \$5 million in gross receipts or sales (including receipts or sales of subsidiaries through which the entity operates), and has an operating presence at a physical office within the United States. Entities claiming exemption must file an exemption and identify the filing officer or director.

Reporting companies must keep these reports throughout their existence and for 5 years following their dissolution. Exempt companies will want to retain their filings claiming exemption.

The reported data will not be publicly available but will be provided if requested by federal law enforcement, national security, intelligence agencies; state or local

law enforcement with a court order; a federal agency on behalf of a foreign country; or a financial institution with customer consent to verify certain customer information; and federal regulatory agencies.

Substantial financial penalties or imprisonment may apply in the event of willful failure to provide complete or updated information or knowingly providing false or fraudulent beneficial owner information, including a civil penalty of up to \$500 for each day a violation “continues or has not been remedied, and for a criminal penalty up to a \$10,000 fine and up to 2 years in prison per criminal violation of the Act. FinCEN may waive the penalties for reasonable cause, and no penalties will result if a negligent violator voluntarily and promptly corrects a report within 90 days. If the filer acts purposefully to evade the requirements and knew the information filed was not accurate, the filer is not within the Act’s safe harbor.

The Act also provides for penalties in the event of unauthorized use or disclosure of all this private information. Penalties of up to \$500 per day and up to 2 years in prison per violation will be doubled if the unauthorized use also violates other laws and shows a pattern of illegal activity.

## CONGRATULATIONS TO ELI!

BECE welcomes Eli Earich as an associate attorney, following his successful completion of the Ohio bar exam. Eli graduated in May 2021 from Capital University Law School. He grew up in Pickaway County, Ohio and is still heavily involved in his family’s Angus cow-calf operation.

Eli earned his B.S. in agricultural economics at the University of Kentucky, where he was actively involved in Alpha Gamma Rho fraternity and Block and Bridle. Prior to law school, Eli worked full time as a commodity merchandiser for Archer Daniels Midland in Des Moines, Iowa. While in law school, he has worked as a research fellow for the National Agricultural Law Center and spent time in Washington D.C. as a Public Policy Law Clerk for the National Cattlemen’s Beef Association.

Contact Eli at [gearich@farmlawyers.com](mailto:gearich@farmlawyers.com).



# THANK YOU, MARY CAY & JACKIE!

Serving our clients well is important to us, and Mary Cay Pelot and Jackie Factor are the glue that holds BECE together day to day.

If you've called us, you have probably spoken with Mary Cay, and if you've visited, she is likely to have greeted you. She has been the constant presence that has helped sustain us through this pandemic. She quietly does so many things, lots of which we don't even realize until she is out of the office for a well-deserved break!

We are thrilled to have Jackie back with us after she moved back to Ohio this past summer. Some of our clients will remember her able assistance as a probate paralegal. She is assisting us with bookkeeping and billing and assisting with her paralegal skills as time allows. We are grateful for her attention to detail and experience with office procedures.



## UPCOMING SPEAKING ENGAGEMENTS

**JANUARY 7** – Carolyn Eselgroth will be joining as society director Michelle Kuhlwein and CPA Michael Denoewer at the Ohio Fair Managers Association's 97<sup>th</sup> Annual Convention and Conference in Columbus for a discussion of the Union County Ag Society's IRS audit.

**JANUARY 10** – Troy Calliccoat will be speaking at the Michigan Agri-Business Association Winter Conference in Lansing, Michigan at both the Grain Issues Session on current issues in grain contracting and the Fertilizer Issues Session on overall crop input contracting issues.

**JANUARY 17** – David Barrett will be speaking at the North Dakota Grain Dealers Association Convention in Farbo, North Dakota on "Grain Contracting Practices for Good Times and Bad."

**JANUARY 26** – Russell Cunningham will be speaking at the Ohio Chapter of the American Society of Farm Managers and Rural Appraisers on Tax Law Updates and Planning Opportunities.



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*As 2021 draws to a close and a new year begins, we remember with gratitude our clients and friends. Thank you for your business and your referrals.  
We appreciate the opportunity to serve you.*

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