



2024 Year-End Checklist for Businesses

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This checklist is intended to be a friendly, annual reminder for companies and corporations.

1. Confirm compliance with the Corporate Transparency Act.

The Corporate Transparency Act ("CTA") went into effect on January 1, 2024. The CTA requires newly created companies and corporations (and many previously existing companies and corporations) that fall under the umbrella of the CTA to report information about their "beneficial owners" with designated reporting periods.

If you do not know if your business falls under the CTA, visit our Corporate Transparency Act Resource Page for more information or contact a member of our CTA Team.

If your company or corporation *is* subject to the CTA and classified as a "reporting company", the following is required for compliance with the CTA:

(a) Ensure your business timely files its initial beneficial owner information ("BOI") report with the Financial Crimes Enforcement Network ("FinCEN"). **Companies and corporations created before January 1, 2024 are required to file their initial BOI report by January 1, 2025;**

(b) If the company or corporation did not previously file a BOI report with FinCEN because it was an exempt organization, review the company or corporation's exempt status under the CTA and timely file the necessary report if its status has changed;

(c) Determine if any information regarding the business or its beneficial owners has changed (including, for example, information about spouses with community property interests in a corporation's shares). If so, you must submit an update or correction. The CTA requires a reporting company to submit an updated or corrected BOI report with any changes to previously reported information, including misstatements or inaccuracies,

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within 30 calendar days of the change or discovery.

Though not required, to verify compliance with the CTA this year and in the future, consider implementing a CTA compliance process or policy into your business. This policy can ensure your company or corporation is using a secure method, or a reputable third party, to collect and store BOI and other CTA-relevant information. A CTA compliance process or policy can also confirm agents of your organization are collecting and storing CTA-relevant data in a way that complies with applicable privacy and data security laws, and your entity's existing privacy and data security policies.

2. Schedule a meeting with your tax advisors.

There might be opportunities for last minute tax planning this year. Be sure to consult your tax advisors while you still have time to take action in 2024.

Confirm that your organization or your accountants have: (a) arranged and submitted all required returns, amendments, updates, renewals, reports, forms, statements and other documents to the Michigan Department of Treasury, the Internal Revenue Service ("IRS"), and any other jurisdiction relevant to your organization; (b) paid all applicable federal, state, and local taxes, including corporate income, business, sales and use, severance, excise, and motor fuel taxes; and (c) prepared any additional filings that may be required to qualify for or maintain the corporation's federal and/or state tax credits. Consult with your tax advisors to determine if your entity needs to make a distribution. Instead of assuming that your accountant or financial advisors will automatically recommend ways to reduce your tax liability, take a proactive approach by meeting with them before the end of the year to maximize your potential opportunities.

3. Host your annual meeting and document annual meeting minutes.

It is crucial to record your activities and decisions made at your annual meeting in your company or corporation's meeting minutes. If the entity you represent is a corporation established under Michigan law, holding an annual meeting is mandatory. If you operate a limited liability company, having an annual meeting and documenting your business' activities for that year is still advisable, although it is not required by law.

4. Review your business' records.

Now is the time to confirm that you have conducted proper maintenance of your entity's business records for 2024. Consider the following:

(a) Have you prepared notice and meeting minutes for any annual meeting of shareholders, board of directors, members, or managers required by law or your entity's organizational documents?

(b) Have you discussed the calendar for future meetings of shareholders, board of directors, members, or managers with the relevant persons involved, as needed for your specific organization?

(c) Can you confirm all important company or corporate actions have been reflected in your meeting minutes or business records?

(d) Have any organizational changes in the management or ownership of your business been documented, such as your principal office location, resident agent data, or the election of new officers or directors?

Note that a Michigan corporation must keep books and records of account, located at its registered office, and meeting minutes of the proceedings of its shareholders, directors, and any executive committee in order to be compliant with Michigan law. These are also best practices for LLCs to follow.

5. Consider if you will make yearly gifts and/or charitable donations.

If you would like to contribute to a charitable organization and have a deduction reflected with the IRS for this tax year, you have until December 31, 2024 to make a gift or donation. This action item should be discussed with your tax advisor.

6. File your annual reports.

Michigan's Department of Licensing and Regulatory Affairs (LARA) requires all Michigan corporations, limited liability companies, and nonprofit corporations to file an annual report each year.

Additionally, the Michigan Business Corporation Act requires an annual financial report be distributed to each shareholder of a corporation in writing or via electronic transmission within four months of a corporation's fiscal year end. If your fiscal year is the calendar year, be sure your corporation or its accountants have prepared this report.

If your entity is qualified or registered to do business in other states, or domiciled in a state other than Michigan, make sure you are aware of due dates for those states' annual reports filings.

Moreover, publicly traded or publicly held companies are required by federal securities laws to prepare annual reports to be sent to shareholders, as well, so do not forget about your federal annual reporting obligations, if applicable to your corporation.

7. Assess whether amendments are needed to your entity's organizational documents.

The end of the year is a great time to determine whether circumstances have changed that may require you adding, removing, or editing provisions in your entity's organizational documents. Please do not hesitate to reach out to an attorney at Foster Swift to assess your limited liability company's articles of organization or operating agreement provisions, or the language of your corporation's articles of incorporation or bylaws.

8. Renew or update your permits and licenses:



Review your entity's permits and licenses to determine if any require renewal within the next year, or whether any information requires updates. This annual practice, if not more frequent, is crucial to ensure compliance with legal and regulatory obligations. Assessing your permits and license requirements on an annual basis helps you reduce the risk of penalties or operational disruptions.

9. Monitor and protect your entity's intellectual property:

In today's ever-evolving technological landscape, a business' intellectual property ("IP") can provide a significant competitive edge. It is essential to review the measures your company or corporation has in place to protect your IP rights, including copyrights, trademarks, patents, and trade secrets. Keeping this assessment a frequent practice, such as an annual review, can prove beneficial to safeguarding your entity's IP.

One rising concern we are seeing our clients face is "copyright trolling", where firms or businesses use online algorithms or artificial intelligence ("AI") tools on a wide scale to identify potential copyright infringements and threaten legal action. To avoid this, ensure your business does not use images or music from protected sources without explicit permission from the copyright owner. Conduct a thorough review of your website and social media; if you are unsure about the copyright status of any content, remove it and opt for commercially licensed resources.

10. Consider updating your business' policies and agreements.

Annually reviewing your business' policies and agreements is an important task, and one that could easily be added to your end-of-year to-do list. Determine whether your company or corporation should implement or modify the following:

- (a) document retention policy for both documents in writing and those electronically stored;
- (b) employee handbook;
- (c) client or vendor agreements;
- (d) external privacy policy;
- (e) internal information security policy;
- (f) incident response plan for data breaches and other cybersecurity incidents;
- (g) AI use policy addressing employees and third parties' use of generative AI;
- (h) health and safety policy for the workplace; and
- (i) social media policy for employees.



Consulting with an attorney to ensure your policies comply with and reflect current law is critical. Be sure to understand your notification obligations to users, customers, employees, third parties, and personnel if you revise any preexisting agreements or policies that may impact such groups.

11. Remember your assumed names filing deadlines.

If your corporation or company operates with an assumed name, be sure to calendar when the assumed name will expire. For example, in Michigan, you must renew an assumed name every five years. Review any existing assumed names for your business in Michigan, and any other state where your entity does business, to be sure you do not miss any deadlines to renew or change these names.

12. Consider other annual maintenance for your entity.

Other annual maintenance items that should be on your to-do list will heavily depend on the type of entity you represent, the industry you operate in, and your specific end-of-year needs. However, some other miscellaneous checklist points we recommend include the following:

- (a) Review your loan agreements, significant client or vendor contracts, and insurance policies. Assessing the terms of these agreements and policies on an annual basis, when relevant, to determine if renewal makes sense for your business is something to keep in mind.
- (b) Consider your agreements related to employment. Are they current? Do they comply with federal and state employment laws, as amended? Should certain provisions be amended for select employees?
- (c) Determine what maintenance items may be specific to your entity type aside from the annual reporting requirements and filings mentioned above. For example, if your corporation is an S-Corp, double-checking that your entity still meets S-Corp requirements (*e.g.*, shareholder number and share limitations) will help you avoid disqualification from that status.
- (d) Inform the professionals you work closely with, such as your accountant, financial advisors, and legal counsel, of any contact information changes for your business' point persons. If officer or management roles have changed, or new directors have been elected, be sure these advisors have that current contact data.

Please reach out to a member of our business and tax team if you would like assistance with working through this checklist.