

# TAXATION

## A ROUNDTABLE DISCUSSION



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**W**ith the unique and uncharted scenarios that we have faced over the last few years, business owners, CFOs and other C-suite professionals have had to tackle more challenges than ever before. The economic climate has forced companies to make changes to the way they do business and to the way they approach their economic strategies, including the way they manage their taxes.

Financial stewards (accountants, financial planners, CFOs) have found themselves needing to be on the pulse of changing tax laws and strategies more than ever before while navigating the ever-changing business finance terrain. How has the taxation landscape changed and what do businesses need to know to optimize their balance sheets? To answer these and other pressing questions, we turned to the expertise of two of the leading taxation authorities in the region.

## TAXATION ROUNDTABLE

## LUCAS HORSFALL

Lucas Horsfall provides financial and advisory services for a diverse group of clients throughout the southwest. Areas of concentration include manufacturing, wholesale distribution, real estate development, construction, insurance brokers, professional organizations, high tech and not-for-profit entities and foundations. The firm also works with many individual clients in the area of tax preparation, tax and estate planning, and family trusts.

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### What are the biggest tax and financial planning mistakes you see business owners making right now—and how can they avoid them?

**GELLER:** Business owners often plan with overly optimistic assumptions, which leads to avoidable mistakes. Revenue projections are frequently inflated, causing owners to overinvest in capacity or assume existing resources can support future growth. Growth is a cash-hungry process, and many underestimate how much capital it consumes and how heavily it strains working capital. Without careful forecasting, businesses can quickly run short on liquidity. Planning conservatively around revenue, capacity, and cash needs leads to more grounded, sustainable decisions. A second common mistake is making investments purely for tax benefits while ignoring the underlying economics. Depreciation may offer a tax break, but it's ultimately just a discount, not a justification for buying an asset. Owners should evaluate the true economic return of any capital purchase and ensure it makes operational and financial sense, independent of the tax outcome.

### How can businesses better align accounting practices with strategic decision-making, not just compliance?

**GELLER:** Tax returns and year-end financial statements are purely historical; they're filed months after the year closes



A business owner's greatest value from their advisor doesn't come from the tax return itself—it comes from the ongoing dialogue that helps anticipate outcomes.

— STEVEN GELLER

and offer no real-time insight. To make informed decisions, businesses need to move beyond outdated accounting systems and adopt tools that deliver timely, actionable data. Regular monitoring allows management to spot trends early, respond to issues quickly, and align decisions with both near-term realities and long-term goals. Modern financial dashboards, integrated reporting tools, and automated workflows can give leaders a clearer view of cash flow, margins, and operational performance. Reviewing this information consistently, not just at year's end, helps companies stay agile, anticipate challenges, and allocate resources more effectively. In short, real-time visibility enables better strategy, stronger financial control, and more confident decisionmaking.

### What financial metrics do business owners focus on too much—and which ones don't get enough attention?

**AMERIO:** Business owners often place disproportionate emphasis on top-line metrics such as revenue growth and gross sales, which can obscure underlying financial health. While revenue is important, it does not, on its own, indicate profitability, cash sustainability, or operational efficiency. Similarly, net income is frequently overemphasized despite being influenced by accounting treatments that may not reflect cash reality. Metrics that tend to receive insufficient attention are those that explain how and when the business generates and consumes cash. Cash flow timing, working capital trends, customer payment behavior, and cash conversion cycles are often under analyzed, even though they directly affect liquidity and risk. Owners also commonly overlook unit-level and segment-level profitability. Metrics such as contribution margin by product, customer, or service line provide insight into which parts of the business create value and which dilute it. Without this visibility, growth can unintentionally increase complexity and strain resources. Finally, leading indicators are frequently ignored in favor of lagging results. Measures such as backlog quality, pipeline conversion rates, customer concentration, and fixed-cost leverage often signal future performance well before it appears in financial statements. Focusing on these metrics enables more proactive decision-making and reduces reliance on hindsight.

### When does it make sense to change business structure for tax or financial reasons?

**GELLER:** A business structure isn't permanent, but it is a



Business owners should be asking what the financial data indicates about future performance, not just whether the books are accurate.

— MIKE AMERIO

long-term decision. Choosing the right one means weighing long-term benefits against overall cost and making informed assumptions about future growth. Owners should reassess their structure when it becomes inefficient or misaligned with their tax strategy, liability protection, cost profile, or expansion plans. For example, a manufacturer with a five-year exit plan may gain significant annual and exit-level tax savings by operating as a qualified small business corporation instead of an LLC. An entrepreneur expanding across state or national borders may need a structure that simplifies reporting and maximizes tax efficiency. Partners who have grown to dozens of employees across multiple jurisdictions may find that a general partnership no longer offers adequate liability protection. When a structure starts limiting financial, operational, or legal flexibility, it's time to reevaluate, and any change should be guided by careful, strategic analysis.

### What should business owners understand about depreciation, credits, and deductions that they often overlook?

**GELLER:** Changes under OBBBA to depreciation and the research and development credits can be very powerful and valuable tools for businesses. Management should understand how to use them, take into account tax effects when evaluating investments, and know when to opt out of these deductions and credits.

### What questions should business owners be asking their accountant or CFO that they often don't?



**AMERIO:** Business owners should be asking what the financial data indicates about future performance, not just whether the books are accurate. Questions such as which products, customers, or services are truly profitable after all costs, where cash flow pressure is likely to emerge, and what financial risks could materially impact the business are often overlooked. They should also ask how current financial decisions affect the business over the medium and long term. This includes whether the company's cost structure is sustainable, whether pricing reflects true margins, and whether the business is financially prepared to scale or withstand a downturn. Finally, business owners rarely ask their accountant or CFO to challenge them. Asking what financial blind spots exist, what assumptions may be incorrect, or what changes would most improve financial performance can surface insights that routine reporting does not provide. These questions shift the finance function from a reporting role to a strategic advisory role.

**GELLER:** The issue isn't so much what questions owners should ask; it's when they should ask them. The biggest problems arise when conversations occur only at year's end. There



should never be surprises on a tax return. When accountants and CFOs are engaged with clients throughout the year, owners can make smarter, quicker decisions because they're working with real-time information, not old data. A business owner's greatest value from their advisor doesn't come from the tax return itself—it comes from the ongoing dialogue that helps anticipate outcomes, plan ahead, and stay nimble. Good advice in November is far more impactful than a "result" delivered the following April.

**How can companies best prepare financially for economic uncertainty or market volatility?**

**GELLER:** Companies can prepare for uncertainty by staying adaptable and ready to adjust as conditions shift. Leaders should focus on what is known and actionable, rather than waiting for perfect information, and stay closely aligned with customer needs and market signals. Strong financial foundations are essential: maintaining healthy cash reserves and securing access to a reliable line of credit provide stability and flexibility when revenue slows or opportunities arise. Regularly stress-testing budgets, reviewing cost structures, and identifying areas where spending can be paused or redirected also strengthens resilience. Diversifying revenue streams and investing in accurate financial reporting help companies anticipate risks earlier and respond more effectively. In short, combining operational agility with disciplined financial planning positions companies to weather volatility and stay ready for growth.

**What should businesses know about sales tax, multi-state operations, or cross-border compliance in 2026?**

**GELLER:** Sales tax and cross-border compliance have become

more complex, especially in the post-COVID era, when remote and globally distributed teams are common. Employee location now frequently creates nexus in states or countries where businesses have no physical presence, adding to traditional sales-based exposure. Companies must stay current with shifting economic nexus thresholds for both sales and income taxes. International operations face heightened enforcement of VAT/GST, import duties, and digital-services taxes. Businesses operating across borders, whether state or federal, need to be aware of filing and disclosure requirements and employ the proper tools to monitor and stay current.

**What are the risks and opportunities associated with automating tax functions in a corporate setting?**

**AMERIO:** Automating tax functions changes how a corporate tax firm allocates its time and resources. Routine, high-volume tasks, such as data collection, reconciliations, return preparation, indirect tax calculations, and compliance tracking, can be executed faster, more consistently, and at a lower marginal cost while improving accuracy and control. Manual entry errors are reduced, and standardized audit trails



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— STEVEN GELLER

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can be created automatically. For corporate tax departments, this can strengthen governance and reduce exposure during audits and regulatory reviews. Strategically, automation frees experienced tax professionals to focus on higher-value work, including tax planning, controversy management, transfer pricing strategy, and advising businesses on transactions and operational changes. From a leadership perspective, that shift is where much of the return on investment lives. However, automation also introduces meaningful risks. Data quality is a critical concern. Automation does not correct bad inputs, and if the source data is incomplete, inconsistent, or poorly mapped, automation can produce incorrect results at scale and accelerate and amplify errors instead of reducing them.

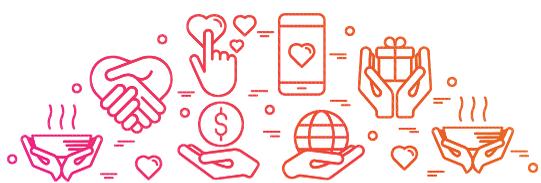
**If you could change one state or federal tax policy to simplify tax compliance for practitioners and clients, what would you pick and why?**



**GELLER:** I'd overhaul the crossborder reporting rules that small businesses get crushed by. A company with one modest overseas entity is forced to adhere to filing requirements that are, by and large, virtually identical to what a large multinational submits (with a couple of notable exceptions). The forms are dense, timeconsuming, and often beyond what even leading tax software can handle. The result? High compliance costs

and brutal, outsized penalties often for technical foot faults, not actual tax liability. In a world where global activity is the norm, not the exception, these rules are out of sync. Streamlining the requirements with simplified forms, higher thresholds, and reasonable penalties would bring the system back to reality and let small businesses focus on growing, not surviving paperwork.

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# The 2026 Tax Filing Season in California Has Begun

The California Franchise Tax Board (FTB) launched the 2026 tax filing season with advice for taxpayers to identify scams, claim tax credits, use online tools, access disaster relief and more. And a reminder: To avoid penalties, be sure to pay any taxes owed by April 15.

“Filing your taxes early can help ensure you receive the full value of the tax credits you’ve earned—support that can make a real difference for working families,” said State Controller and FTB Chair Malia M. Cohen. “At the same time, I urge taxpayers to protect themselves by staying alert to tax-season scams designed to steal personal information or refunds.”

### PROTECT YOURSELF FROM SCAMS

Scammers may pose as IRS or FTB employees to deceive taxpayers into sending money or sharing personal information. Common scams include texts, emails, calls, fake websites and fraudulent mail.

To protect yourself:

- Do not reply to or click links in suspicious messages.
- If you are unsure, contact FTB directly to verify the request.

For suspicious letters, call FTB at 800-852-5711 or visit the Notices and letters page for more information. Also, visit the Text messaging page to see when and what texts FTB sends.

### CASH BACK CREDITS

The California Earned Income Tax Credit



(CalEITC) is designed to support hardworking Californians with low incomes. If you qualify, you could receive up to \$3,756 in cash back or reduce your tax burden. Additionally, CalEITC may open the door for you to access other benefits, such as the Young Child Tax Credit (YCTC) and the Foster Youth Tax Credit

(FYTC). To find out if you qualify for CalEITC or related tax credits, visit the eligibility and credit information page.

### FIND YOUR ANSWERS ONLINE

For faster service, take advantage of FTB’s 24/7 online self-service options. To e-file your

California tax return, visit CalFile, which allows most Californians to e-file their state tax return for free.

If you need free tax assistance, you can find a Volunteer Income Tax Assistance (VITA) location at [ftb.ca.gov/vita](http://ftb.ca.gov/vita). Additionally, taxpayers can use MyFTB to view their tax documents, check their balances, send secure messages to FTB staff, and more. For additional free tax filing options, visit [ftb.ca.gov/efile](http://ftb.ca.gov/efile).

FTB offers several payment options. You can pay your taxes with your checking or savings account using Web Pay, by credit card (fees apply), or set up a payment plan if you qualify (fees apply). Other features allow you to check your refund status, determine whether you should file, select the appropriate form, and view processing and wait times.

### TAX RELIEF FOR DISASTERS

If you have suffered unreimbursed losses from a disaster in an area declared by the President or Governor, you can deduct those losses in the taxable year the disaster occurred, or in the taxable year immediately before the disaster occurred. This allows taxpayers flexibility to choose the year that may offer the best financial benefit. Disaster victims can obtain free copies of lost or damaged tax returns by using Form FTB 3516 and writing the disaster’s name in blue or black ink at the top of the request. For a list of all declared disasters, visit the Disaster loss deduction page.

Learn more at [FTB.ca.gov](http://FTB.ca.gov).

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# Get Ready for Tax Season with Key Updates

With the 2026 filing season quickly approaching, the Internal Revenue Service is urging taxpayers to take a few simple steps now to prepare for filing their 2025 federal income tax returns. Visit “Get Ready” on IRS.gov for checklists, updates and no-cost filing options.

One of the most important steps taxpayers can take is to access their IRS Individual Online Account. IRS Individual Online Accounts are available 24/7, to view account information, make payments, manage communication preferences and protect tax information.

### USE DIRECT DEPOSIT

Due to the presidential executive order, Modernizing Payments To and From America’s Bank Account the IRS is phasing out paper tax refund checks. The IRS encourages taxpayers who do not have a bank account to open one so they can receive refunds by direct deposit.

### REVIEW NEW 2025 TAX LAW CHANGES

Recent legislation, such as the provisions in the ‘One, Big, Beautiful Bill,’ includes several new deductions and credits that may reduce tax bills or increase refunds. Beginning in 2025, to be eligible to claim certain credits for other dependents, the taxpayer and their spouse, if filing jointly, must have valid Social Security numbers or Individual Taxpayer Identification Numbers issued on or before the due date of their returns (including extensions).

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### NEW TRUMP ACCOUNTS FOR ELIGIBLE CHILDREN

Parents, guardians and other authorized individuals will be able to open Trump Accounts, a new retirement savings vehicle for children under the age of 18 with a valid SSN. A pilot program contribution of \$1,000 will be available for children who are US citizens and born from Jan. 1, 2025, to Dec. 31, 2028. Visit trumpaccounts.gov for details.

### INCOME FROM PAYMENT APPS AND ONLINE SALES

All income from part-time work, gig activities or sales of goods and services is taxable. Form 1099-K, Payment Card and Third Party Network Transactions, will be issued



by payment card companies for any amount and by payment apps and online marketplaces when payments exceed \$20,000 and more than 200 transactions occur for the year.

### DIGITAL ASSETS REPORTING REQUIREMENTS

Taxpayers who bought, sold or received digital assets, including cryptocurrency, stablecoins or NFT, must report those transactions. Some taxpayers may receive Form 1099-DA from brokers. Regardless, all taxpayers

must answer the digital asset question on Form 1040 and report any related income, gains, or losses. Visit Digital Assets for more information.

### GET READY NOW

Take a few steps today, reviewing tax law changes, gathering documents and using online tools, to help ensure a smoother less stressful experience when filing taxes in 2026.

Learn more at IRS.gov.

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