

HALL & ROMKEMA

Certified Public Accountants

November 12, 2019

Mr. Thomas Fata
LLPS, Inc.
5859 W. Saginaw Highway #343
Lansing, MI 48917

Dear Mr. Fata:

Amounts paid by an S corporation for accident and health insurance premiums, covering a shareholder-employee who owns at least two percent of the S corporation, must be included in gross wages.

These amounts are considered taxable income, and must be reported as additional wage income. These amounts will not be subject to FICA and Medicare taxes as long as premiums are part of a company accident and health insurance plan. Since the premiums are deductible by the corporation, there will be no net effect to the shareholder.

In order for us to determine the amount to be added to the shareholder-employee's W-2 for insurance premiums paid by the S corporation, WHICH MUST BE INCLUDED ON FORM W-2 FOR 2019, several steps must be taken:

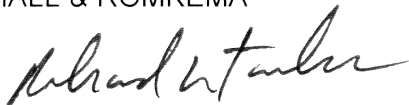
1. Complete the enclosed form.
2. We will determine the benefit to be added to the shareholder employee's W-2 wages. WE MUST HAVE THE INFORMATION BY DECEMBER 16, 2019 TO INCLUDE WITH YOUR FINAL PAY PERIOD OF 2019. This additional amount will have to be added to your normal fourth quarter payroll tax return.

WE WOULD LIKE TO STRESS THE IMPORTANCE OF THIS INFORMATION. EMPLOYEE W-2'S AND THE COMPANY'S TAX RETURNS CANNOT BE PROCESSED UNTIL THIS INFORMATION IS INCLUDED.

If you have any questions, please call.

Sincerely,

HALL & ROMKEMA



Richard L. Tanke
rtanke@harcpa.com

RLT/jne
Enclosure

Emailed 11/15 m
Emailed 12/4 m

REPORT OF SHAREHOLDER INSURANCE PREMIUMS
For the Period of January 1, 2019 through December 31, 2019

CORPORATION NAME: LLPS, INC.

SHAREHOLDER NAME	OWNERSHIP PERCENTAGE	ANNUAL ACCIDENT AND HEALTH INSURANCE PREMIUM
<u>THOMAS FATA</u>	<u>50.0000</u>	<u>\$18,151.68 (\$1,512.64/mo.)</u>
<u>JOSEPH FATA</u>	<u>50.0000</u>	<u>\$18,923.52 (\$1,576.96/mo.)</u>
TOTAL	<u>100.0000</u>	<u>\$37,075.20</u>

PLEASE INDICATE ANY CHANGES NECESSARY WITH THE ABOVE INFORMATION.