

Bottom Line Accounting
PO Box 40935
Fayetteville, NC 29309-0935
(910) 424-0054

January 22, 2022

Dear Tax Client:

It's hard to believe that it is once again tax season. The past two tax seasons have been hard on both taxpayers and tax professionals. This upcoming tax season looks to be just as challenging, if not more so. If you have been keeping up with news concerning the IRS over the past year, then you are already aware that the IRS has been tasked with things other than processing tax returns. In addition to handling Covid-19 employment concerns, the IRS has handled Economic Impact Payments and Advance Child Tax payments along with mid-season tax law changes and the related forms and publications updates that have been required. As of December 2021, the IRS still had over 6 MILLION unprocessed individual tax returns. That number includes 2019 and 2020 tax returns as well as amended tax returns. Less than 3% of all phone calls to the IRS are being answered. That means that not only can you not reach the IRS, but neither can your tax professional. This has left all of us in a huge lurch and unable to get answers to important tax questions. Additionally, the IRS's automated system has sent thousands upon thousands of letters and notices that are either incorrect or make no sense based upon the prior actions of taxpayers. We are all struggling to get answers and remedies.

We ask for your patience. Each tax year brings its own set of questions based upon tax changes and potential tax changes that can and could affect your tax return. Which is why we ask that you sign the annual tax engagement letter and complete the annual tax organizer. Your answers helps us to prepare the most accurate tax return based upon the information and documentation that you provide. Should you receive a letter or notice from the IRS or from a State Department of Revenue about the current tax year or a prior tax year, we ask that you please forward a full copy to us as quickly as possible.

We will continue to scan and save all major documents you provide for your tax preparation. Not providing all your tax documents will only slow down processing and put you in personal liability with the IRS should there be questions or an audit. Bottom Line Accounting will only be responsible for documents and data provided and will not be responsible if you omit information.

As you prepare your tax documents, please remember that we need ALL pages of your tax documents, both front and back. Not supplying all pages slows down the preparation process. We will return all of your documentation in your completed tax package. Should it be necessary to amend your tax return at a later date because documentation was not provided to us at the time of preparation/e-filing, there will be a minimum amended tax return fee of \$150. This fee could be higher if additional forms are required with the amending of the tax return. Please make sure you have all of your tax documents before you ask us to e-file your return.

Identity Theft and Scams The IRS continues to warn taxpayers about tax scams. Please remember that the IRS will never ask you to pay a tax liability with prepaid cards of any type. If there are issues with your tax returns and/or tax liability, the IRS will contact you via letter correspondence first. Don't give crooks any information or fall for their tricks and scams. So remember to either hang-up, hit the delete key, or shut the door on those scam artists!

Documents Typically Needed to Prepare a Tax Return. The following documents and information are good examples of what is generally needed to complete your tax return:

- 1) Copies of Social Security Card/Numbers for each taxpayer and/or dependent (if not already provided);
- 2) Copies of current and valid driver's license or State ID cards for the taxpayer and spouse (a tool to help combat fraud);
- 3) IRS IP PIN (a six-digit number assigned to eligible taxpayers related to fraud and identity theft), if applicable or requested by the taxpayer and/or spouse;
- 4) Form(s) W-2 (wages, etc) Pay stubs do not always have complete, accurate, or final information. Therefore, the real thing is required and; additional, it is illegal to prepare your return from a pay stub per IRS regulations;
- 5) Copy of your last pay stub of the year;
- 6) Form(s) 1099 (interest, dividends, miscellaneous, nonemployee compensation etc.);
- 7) Schedule(s) K-1 (income/loss from partnerships, S Corps, etc.);
- 8) If you purchased your health insurance coverage through The Marketplace, you **MUST** have Form 1095-A to accurately complete your tax return. If you received Forms 1095-B or Forms 1095-C, please include those in your tax documents although they are no longer mandatory;
- 9) Form(s) 1098 (mortgage interest) and property tax statements for both houses and vehicles;
- 10) Copies of closing statements regarding the sale, purchase, or refinancing of real property;
- 11) Brokerage statements from stock, bond or other investment transactions, to include information regarding the original cost of stock and the date purchased for any stock sold during the year;
- 12) Legal paperwork for adoption, divorce, separation, and /or custody issues;
- 13) All other supporting documents (schedules, checkbooks, etc) as necessary to document your tax information;
- 14) Any tax notices received from the IRS or other taxing authority;
- 15) A copy of your 2020 tax return if it was *not* prepared in our office;
- 16) NEW for 2021-Advance Child Tax Credit Letter 6419; and**
- 17) NEW for 2021-Economic Impact Payment Letter 6475 or Notice 1444-C.**

Free e-file. We are required to e-file your tax return and offer this service at no additional charge. There are many benefits to electronically filing: immediate acknowledgment that your return has been received,

confirmation of acceptance/rejection, direct deposit in 10-20 days when refunds are due, and easy on-line payment options should you owe taxes.

Payment for Services. To keep our costs and prices as low as possible, payment for services can be made with cash, personal check, and/or credit/debit card payments at the time of service. ***Payment is due when your return is complete*** unless a payment arrangement has been requested and approved prior to tax preparation.

Call When You Need Help. Remember that we are available year-round and your tax preparation fee generally covers the additional time we spend helping you during the year. And getting those pesky notices to us as soon as you receive them can make addressing them much easier, faster, and less costly.

Engagement Letter/Tax Questionnaire. The engagement letter is an agreement which simply confirms the arrangements and responsibilities involved in preparing your tax return(s). All clients will be required to sign and submit a 2021 Engagement Letter prior to any tax return preparation work beginning. The 2021 Tax Questionnaire is meant to assist you in gathering information necessary to prepare your return and to act as a "tax road map" for us as we begin to prepare your return.

Schedule Your Tax Preparation/Interview Appointment Early. Due in great part to the continuing Covid-19 concerns few returns will be completed in-person. We are encouraging all of our clients to make an appointment to drop-off their tax returns and we will either call or video conference with you when we are prepared to discuss your return. Or there is the secure drop box located at our front door that is available for drop-off use. Many clients may want to take advantage of our secure on-line portal which allows for uploading tax documents in a secure portal. If you are new to this option, be sure to call and we will send the needed invitation to that link. For those few clients for whom an in-person tax appointment is necessary, we will require full mask (*mou**th and nose*) wearing at all times during the appointment.

We are booking tax appointments and encourage you to make your appointment as soon as possible. For those of you who are out-of-state, we encourage you to either mail or scan documents as soon as you have all forms and data. Returns received after March 31, 2022, may be subject to a \$25.00 surcharge and additionally may require the filing of an extension. Our policy is to process all tax returns in the order that they are received. Individual and business returns can take hours or days to complete. The return(s) ahead of yours may take longer than expected; however know that we are always aware of your tax completion needs and work to meet filing deadlines for all clients. While we work quickly and efficiently, it is impossible for us to work around the clock. If it looks like all of your documents are not going to be available, or we are not going to be able to complete your return by the due date, we will file an extension on your behalf. Extensions do not raise "flags" with the IRS, but incorrectly filed returns can. Please keep in mind that we are processing tax returns in-and-around our normal business and accounting work, which have their own separate deadlines.

There Is NO Extension for Paying Taxes Due on/by April 18, 2022. Please remember that there is NO extension to pay taxes that are due each year. Tax returns and tax payments are two separate events. If you think you might owe taxes then you may have to make an estimated tax payment. And while we may assist you in

determining the amount of estimated tax payment you should pay, *we are not responsible if the estimate we recommend does not cover your tax liability*. Paying a little more can be a safer bet than not paying enough and owing late penalties on top of taxes. This year, to be considered paid on time taxes must be paid by April 18, 2022. Filing an extension for your tax return does not extend the time you have to meet and pay your tax liability. When you pay after the due date, you must pay additional late payment penalties and interest.

Web-page: www.bottomlineaccounting.org We would encourage you to not only take a look today, but from time-to-time check back to see what information we might have to share with you. And, as always, we would encourage you to share this information with friends and family. You should find the information to be timely and informative. You will find a page with tax information and links which might be very useful if you need tax information or need to make a tax payment during the year.

Yes, this letter is packed with tons of information and is a long read, but we truly believe that this information is important and necessary as we work together for a smooth tax year for all of our tax clients. Please do not hesitate to contact us via phone or e-mail if you have any questions or need further assistance regarding your tax return or this year's tax organizer. Your tax situation and information will be handled with the same respect and carefulness that we would want our own to be handled.

When the bottom line counts, count on Bottom Line Accounting!

Nona D. Fisher

Managing Partner

e-mail: NonaFisher@aol.com

Rebecca M. Lewis

Senior Accountant

e-mail: Rebecca.M.Lewis0309@gmail.com

Bottom Line Accounting

Office: (910) 424-0004

Fax: (910) 424-1803

www.bottomlineaccounting.org