



February 1, 2023

As we wrap up 2022, it's important to take a closer look at your tax and financial plans. This year likely brought challenges and disruptions that significantly impacted your personal and financial situation -- a continued global pandemic, several significant natural disasters, new tax laws and political shifts. Now is the time to take a closer look at your current tax strategies to make sure they are still meeting your needs and take any last-minute steps that could save you money.

We're here to help you take a fresh look at the health of your tax and financial well-being. Please contact us at your earliest convenience to discuss your situation so we can develop a customized plan. In the meantime, here's a look at some issues to consider as we approach year-end.

Please remember that we are now at 1128 Pennsylvania Rd NE. We are at the corner of Pennsylvania and Mountain, just north of Lomas. We are in Suite 200, on the second floor.

**2022 changes that may affect your tax refund.** Changes in the number of dependents, employment or self-employment income and divorce, among other factors, may affect your tax-filing status and refund for 2023.

**No additional stimulus payments.** Unlike 2020 and 2021, there were no new stimulus payments for 2022 so taxpayers should not expect to get an additional payment in their 2023 tax refund.

**Some tax credits return to 2019 levels.** This means that taxpayers will likely receive a significantly smaller refund compared with the previous tax year. Changes include amounts for the Child Tax Credit (CTC), the Earned Income Tax Credit (EITC) and the Child and Dependent Care Credit will revert to pre-COVID levels.

- Those who got \$3,600 per dependent in 2021 for the CTC will, if eligible, get \$2,000 for the 2022 tax year.
- For the EITC, eligible taxpayers with no children who received roughly \$1,500 in 2021 will now get \$560 for the 2022 tax year.
- The Child and Dependent Care Credit returns to a maximum of \$2,100 in 2022 instead of \$8,000 in 2021.

**No above-the-line charitable deductions.** During COVID, taxpayers were able to take up to a \$600 charitable donation tax deduction on their tax returns. However, for tax year 2022, taxpayers who don't itemize and who take the standard deduction, won't be able to deduct their charitable contributions.

#### Required minimum distributions (RMDs)

RMDs are the minimum amount you must annually withdraw from your retirement accounts (e.g., 401(k) or IRA) if you meet certain criteria. For 2022, you must take a distribution if you are age 72 by the end of the year (or age 70½ if you reach that age before Jan. 1, 2020). Planning ahead to determine the tax consequences of RMDs is important, especially for those who are in their first year of RMDs.



## Fraudulent activity remains a significant threat

Our firm takes data security seriously and we think you should as well. Fraudsters continue to refine their techniques and tax identity theft remains a significant concern. Beware if you:

- Receive a notice or letter from the IRS regarding a tax return, tax bill or income that doesn't apply to you
- Get an unsolicited email or another form of communication asking for your bank account number, other financial details or personal information
- Receive a robocall insisting you must call back and settle your tax bill

Make sure you're taking steps to keep your personal financial information safe. Let us know if you have questions or concerns about how to go about this.

## Virtual currency/cryptocurrency

Virtual currency transactions are becoming more common. There are many different types of virtual currencies, such as Bitcoin, Ethereum and non-fungible tokens (NFTs). The sale or exchange of virtual currencies, the use of such currencies to pay for goods or services, or holding such currencies as an investment, generally has tax impacts. We can help you understand those consequences.

We value the trust and confidence you have in us, and we will continue to strive to provide you the best service with the continued commitment to providing these services with a high level of integrity. Our website is active and we have posted a generic tax organizer that will help you gather the tax information that you will need for this tax preparation year. As always, if you need a tax organizer geared to you individually, please call our office and we can provide one to you.

When you drop your information off, if you don't have a current driver's license, we will require presentation of this documentation at time of pick-up. Electronic filings are not being accepted without this.

We are attaching our annual checklist to use as a guide and an aid for you in collecting your tax information. Please remember that if you have received any IRS required tax documents, we will require these as well. While you may place them in a list format for our convenience, which we appreciate, we will need the actual documents received by you for our files in case of audit. If we know you should have received a tax document, we will ask for it prior to completing the return.

As a way of helping you get your refund check quicker we are able to file your tax return electronically free of charge. The benefit of filing your return electronically is a receipt of a confirmation within 24 hours that the government has received your return and a refund check within 15 business days. Earned income credit tax returns will be delayed based on the extra review by the Internal Revenue Service. The first day the government started accepting e-filed returns is January 23, 2023. If you are receiving a refund, we can deduct your fee from your refund for an additional pass-through bank fee charged to you by the transfer bank associated with our tax preparation software.

Before we realize it, April 15<sup>th</sup> will be here, so please bring in your information as soon as possible. If you would like a secure upload link so that you can deliver your documents remotely, please call the office and request this so that we can send it to you via e-mail.

Returns are prepared on a first come, first served basis. We try to complete all returns by the due date. If we do not have all your information, or we receive your information late in the season we may have to place you on an extension. The extension is an extension of time to file, and any taxes owed would still need to be paid by the due date or incur penalties and interest. Get your information to us as soon as possible to ensure you are in the queue to be completed by the due date. If you typically must wait to receive broker statements, please provide all your other tax information to us so that your return can be quickly completed once you receive your broker statement. For the best chance of having your return completed by the April due date, please plan on providing

us with your tax documents no later than March 15th. After March 15th the likelihood that you return will need to be put on extension can significantly increase depending on how returns we already have in our queue.

We are asking that this year, if you are uploading documents to us, that you wait until substantially all the documents are received and request a link at that time to upload multiple files, or we can send you a dedicated linked file folder for all of your documents. Receiving these documents sporadically increases the likelihood of missing documents for the return.

We look forward to working with you this tax season to maximize your tax savings. Thank you for your past and future referrals. I hope this information is helpful in helping you get ready for the preparation of your tax return. Please call us if you have any questions.

Sincerely,

Camille Garcia CPA MBA

## Documentation Gathering Aid – Personal Tax

- 1) Your 2022 W-2 forms, various 1099's and K-1's received for yourself and your spouse.
- 2) Dividend and interest you have received, even if you received no 1099's.
- 3) Income and expenses from your sole proprietorship.
- 4) A record of any gains or losses on the sale of securities and mutual funds. Brokerage statements and 1099-B.
- 5) Year-end brokerage statement.
- 6) Real estate closing statements for any sales or acquisitions. Original purchase statement, if available
- 7) Rental income and expenses
- 8) 1099-A and/or 1099-C for cancellation of debt reporting. If you have declared bankruptcy, please provide the bankruptcy documentation detailing the debt that has been discharged.
- 9) Any other income received during 2022, such as royalties, alimony, prizes, state tax refunds, scholarships, unemployment compensation, pensions, annuities, social security benefits, etc. These can change from year to year, so be sure to confirm the amount at time of drop off.
- 10) W-2G forms and/or a list of Gambling winnings and losses – don't forget to get a players club statement from your casino! If you itemize, your losses can be offset against your gains.
- 11) Details of transportation and away-from-home expenses for self-employed individuals. Commuting expenses between your home and office are not deductible, no matter how far from home you travel, with the exception of self-employed Schedule C filers.
- 12) Form 5498, which you should receive from the trustee or insurance company showing IRA and annuity contributions, distributions, and other information. If you have not received this document yet, please provide amount contributed and the appropriate taxpayer account it was credited to.
- 13) Health Care documents:
  - a) 1095-A
  - b) 1095-B
  - c) 1095-C
- 14) A list of your charitable contributions, Contributions of \$250 or more require written acknowledgment from the recipient and/or cancelled checks.
- 15) The amount and details of deductible interest you paid, and penalties on early withdrawal of savings. Designate whether such interest is investment, home mortgage, or business interest. Please note that personal interest is not deductible. If you refinanced, you will be asked how much was for improvements and how much was for personal needs. Please be prepared to answer this, we will not complete the return without the breakdown.
- 16) Closing statement on home purchase loans or loans refinanced. If refinancing, we will need breakout of amount used for house mortgage payoff, home improvements and personal consolidation debt.
- 17) The amount and dates of real estate taxes paid, if these are not included with your mortgage statement.
- 18) The amount of payment made to your childcare provider. If you have changed childcare providers, please provide us with the tax identification number and address.
- 19) IRS Form 8332 designating the divorce decree and/or custody designation outlining child tax exemption responsibility and alimony agreement.
- 20) A schedule of dates and amounts of estimated federal and/or state income taxes paid for 2022.
- 21) Social Security card and dates(s) of birth for new dependents.
- 22) Driver's License of all taxpayers if your driver's license has expired since your tax return filing date in 2022.
- 23) Amount of interest paid on qualified education loans (student loans).
- 24) Form 1098T, Tuition Payments Statement and associated student tuition statement for all tuition and fees paid. For students living solely on student loan proceeds, gather that information as well. Proof of living expenses and funding to support those living and education expenses are beginning to be asked for after the filing of the return to provide

support of higher education credits and deductions. Many colleges are posting these online and you will need to log in to the schools website to obtain.

- 25) An electronic filing pin given by the Internal Revenue Service for Victims of fraud and/or identity theft who have requested the pin. You will receive a new pin every year, we cannot use the pin from prior years.
- 26) A list of questions you might have.

*If you need an organizer, please do not hesitate to call the office and request one from the front desk.  
Please provide your e-mail and we will send it to you in a secure format*