

IT'S THAT TIME AGAIN!

Hi, everyone! It's that time again. ☺ Hope this letter finds you well & have had a wonderful, healthy & happy year this past year! We've continued to be very blessed, too, and look forward to the coming year.

I want to thank all of you that stuck with me these past couple of years during the covid era. I know it's been tough on many of you that really wanted in-person appointments but, with covid running rampant in Arizona, we had to do things virtually, rather than in-person. We've all had to learn to do things differently due to covid, and that accelerated the technical evolutionary process. 😊 But, in-person appointments resumed last year, and it was great to see people again! We'll continue with that again this year, although we're moving towards becoming a remote/ virtual tax practice.

If you want an in-person tax appointment, please visit my website at reliabletaxaz.com and schedule a time. We're available Monday through Friday at either 10:30 or 3:00. If you want to make it a phone appointment instead of in-person, just schedule an appointment on my website, then e-mail me to let me know you'd prefer that be by phone. I had several folks do that last year and that worked out fine.

Intuit Link accounts:

Thank you all that took the time to establish an Intuit Link portal and upload your documents to me that way. It really does work well! I'd like you to keep using your Link account, especially for security purposes when uploading sensitive data to me plus the convenience of you being able to access copies of your returns 24/7. Cyber criminals are always looking to steal data, and using Link is the safest way to protect your data.

Starting right now, we'll no longer be sending or receiving sensitive tax data through e-mails. You'll need to either use Link or mail me documents. Now, on some things e-mail is still ok. For example, if I need to ask you how many business or total miles you drove in 2023, that's not sensitive data, so you can continue to answer those type questions. **However, do not e-mail me copies of paystubs, W-2s, or any other data such as that.** The link to Link is link.intuit.com.

Also, by keeping your Link account open, I'll post your completed returns there each year, so you'll have access to them 24/7, thus eliminating the need for me to provide additional copies of your returns if you need them. Those additional copies would have cost \$25 each if you needed a duplicate one but, if you have a Link account, there is no charge as they'll be available in your Link account all the time.

For any of you that either didn't establish a Link account or did establish a Link account but didn't use it, please contact me if you'd like some help with getting it working properly. I've, also, got Link setup instructions on my website. My favorite part of Link is that it has bank level security and is much safer than regular e-mail. Of course, if you'd prefer, we still do returns by mail, too.

Tax changes: As far as tax changes go for your 2023 and 2024 taxes, there are a few.

1. The annual gift tax exclusion is \$17,000 for 2023 and will increase to \$18,000 in 2024. You can give gifts to an unlimited amount of people up to \$18,000, per year, beginning in 2024, and NOT have to file a gift tax return.
2. The Unified Estate and Gift Tax Exclusion amount will be increased to \$13,610,000 beginning in 2024.
3. For AZ only, you can now exclude all military retirement income.
4. Dependent care credit – the 2023 & 2024 amounts are \$3,000 for one child (max credit \$1,050) & \$6,000 for two or more children (max credit \$2,100) & are non-refundable.
5. AZ – you can deduct up to \$4,000 per beneficiary for 529 plan contributions.
6. If you're investing in any sort of crypto currencies, NFT's, or other digital assets, keep track of your basis as the IRS is making you check the box on the 1040, to let them know you've got an interest in digital assets.
7. If you sell anything online, such as with EBay, Amazon, Etsy, etc., or if you make money ridesharing, the old threshold for payors required to give you tax reporting documents (1099-K forms) stays the same at \$20,000 and 200 transactions. I need those forms if you get them. Until the end of November, the new thresholds were to set to kick in for 2023, but IRS delayed the implementation of that until 2024, so some of you may still get this form.
8. The Corporate Transparency Act begins 1/1/24. If you currently own 25% or more of an LLC, S-corporation, C-corporation, or partnership, you'll need to file a report on the FINCEN website before 1/1/25. If you create one of those four entities during 2024, you only have 90 days to file that initial report. The penalties for not complying are \$500 per day, per entity. So this is a big deal!
9. Beginning in 2023, all sorts of energy credits either made a comeback or expanded. In some cases, these credits will remain until 2034. For example, tax credits are back up to \$7,500 for new electric vehicle and even \$4,000 on certain used EV's. But, to qualify for the credits, the vehicles must have been manufactured or assembled in North America, and there are some MSRP limitations as well as taxpayer income limits, too. However, some of these limitations don't apply to business electric vehicles. They've expanded those credits on your home, too, up to \$1,200 per year, so let's use those credits!
10. The business vehicle mileage deduction is 65.5 cents per mile for 2023. Charity mileage remained at 14 cents and medical is 22 cents per mile.
11. Beginning in 2024, you now can rollover up to \$35,000 in a lifetime from a 529 education plan to your Roth IRA. There are limitations: the 529 plan has to be at least 15 years old, the money contributed to the 529 plan during the preceding 5 years is ineligible, and regular Roth contribution limit amounts apply for those annual rollover transactions.

IF YOU HAVE FOREIGN BANK ACCOUNTS:

You must disclose that you have these accounts and, if the sum of all foreign accounts totals \$10,000 or more, at any time on any given day, you'll need to file an annual FBAR report. These are due no later than April 15. Our fee to prepare those begins at \$250.

ATTENTION LANDLORDS AND BUSINESS OWNERS:

All businesspeople and landlords are required to provide 1099-NEC forms to the recipients of \$600 or more money you paid them during the calendar year. These recipients are inclusive of both individuals and all un-incorporated businesses (LLCs, partnerships, sole proprietorships, etc.). The IRS gets a copy of those 1099 forms, too.

I can prepare these 1099-MISC forms for you, but I'll need you to have the recipients complete and sign a W-9 form. You can print this form up by going to the IRS website at irs.gov. Once completed & signed, please upload them to Link, along with the dollar amounts paid to each of them during last year. It's important to get these completed **BEFORE** paying them as some will refuse when asked. You simply tell them no payment until you've gotten the completed and signed W-9 form. If they refuse, fill in as much info as known and we'll still get them prepared. Then the IRS can use that partial information to follow up with them. The due date for you to send these to the recipients, the IRS, and the state is January 31. There are penalties on YOU for not getting this information from the vendor and the 1099s not prepared. Don't pay those penalties. Get those W-9s filled out a.s.a.p. and upload to me via Link. If you're not sure if you're required to do so, please e-mail or call me and we'll discuss it.

ABOUT US

My home/office address for in-person appointments is 4239 East Adobe Street in Mesa. That's just west of Greenfield on the south side of Adobe.

If you prefer to use Link, go to link.intuit.com and login there to upload your tax documents and answer questions.

If you're not interested in using Link or having an in-person appointment, you can always mail me copies (please don't mail me originals of anything) of your tax documents, too. Please mail them to me at PO Box 30369, Mesa, AZ, 85275-0369. There will be a charge for postage mailing back to you of at least \$15 as I do everything by Priority Mail, which is generally the most secure. Also, since I'm not at my prior Main Street office anymore, please don't drop off any tax documentation there as I won't receive it. Remember, too, no more sensitive tax data by e-mail.

Contact Info

In addition to Link, we can communicate by phone, mail and e-mail, too. My work cell number is 480-828-0881. You can text me or leave voice messages at that number. Our main number is 480-981-3005. Fax is 231-383-7759. Also, I have three e-mail addresses, all of which I monitor. They are: jim@reliabletaxaz.com, fox1957@att.net, and fox1957@reliabletax.onmicrosoft.com. My website is reliabletaxaz.com. If you have a different e-mail address this year or would prefer to use a different one, please send me an e-mail with the new e-dress so I can update my records.

FEES

Our fees for individual returns will be similar to last year, with the base rate for individuals at \$185 for the 1040, and most other additional necessary forms will be \$50 each. There are a few forms that we'll be raising prices on, which are schedules C, E, F, and form 4835. Beginning 1/1/24, those four forms will be \$75 each. We've had to raise prices on those as those take a lot more time than most of the other forms. That preparation fee schedule includes the preparation of one state return. If you require a second state return, those will be \$150 each. FBAR fees are \$250 minimum. Tax planning and other consultation will be billed at the rate of \$150 per hour. I'll give you a rough estimate for next year's taxes when preparing your 2023 returns, but for an in-depth, detailed, and accurate analysis, those will all be billed at the normal hourly rate.

Also, there has been some confusion on billable hours regarding "quick questions" that people call about or e-mail about. If you call with a short question that I can answer right then and there, and limit it to under fifteen minutes, no charge. However, if the call lasts for more than 15 minutes or there needs to be any sort of work on my part, then the billable hours commence. Those are all at the rate of \$150 per hour. Same for e-mail questions. If I can respond to them with a less than 15-minute response, no charge, but if you need details and it takes me 15 minutes or more, then you'll be billed for those 15 minutes and so forth. So, if you want me to calculate something such as the correct amount of tax withholding, the tax effect of a financial occurrence you've experienced during the year, or how something may affect your returns, then the fees will apply.

Corporate, partnership, and trust returns will start at \$450 this year and may go up from there depending on complexity. Those are a little higher this year because the IRS is still demanding we keep track of both your outside basis and inside basis of your entity ownership. If any of those returns need form 7203, or similar form, that'll be an additional \$100 charge. Additional state entity returns will be \$200. If you need me to prepare any 1099 or 1096 forms, those'll be charged at \$15 per form. Additional copies of your tax returns are \$35 each unless you're using Link. Using Link, you have unlimited free copies of your current and past returns available. The 2% per month late charge will apply on all fees not paid within 30 days of completion. All fees are due and payable at the time they've been completed. I'll bill you thru Zelle, but I can also bill you thru PayPal, which accepts Visa, MasterCard, Discover, American Express, debit cards, and e-checks. Checks are okay, too. Just tell me your preference and I'll bill you that way.

Here's what I'll need from you for this upcoming tax season. Please visit my website at reliabletaxaz.com and do the following:

- a. For individual tax return filers, please print and sign the Personal Letter of Engagement and get that to me. If you're filing as a separate business entity, such as a partnership or s-corporation, please use the Entity Letter of Engagement form. When signed, please upload it to Link, also.
- b. Please print & complete the Personal Info Update form & get that to me.
- c. If you have a small business, please print up the small business worksheet form, complete it, then upload it to Link or send it to me.
- d. If you own rental property, please print up and complete the rental property worksheet and upload it to Link or send it to me.
- e. Please review this personal tax organizer for items I'll need that are pertinent to your particular tax situation. Please upload the required documents to me via Intuit Link or, if by mail, please send me photocopies, not original documents, if at all possible.
- f. If you're using Link, please answer the general questions, also.

WHAT TO SEND/ UPLOAD TO ME

- W-2 INCOME - Please upload your W-2s from all jobs during the year. If you didn't get one by January 31, please contact those employers who didn't send you one and see if they'll send one. If the firm you worked for went out of business during the year, please send me your last paystub showing year-to-date payroll information as we can generally work with that. Then, if all that fails, you can contact the IRS and get a transcript of your income for free.
- 1099 Statements: Make sure you upload these for your regular investment accounts. If you receive these for your IRAs and 401(k)'s, don't upload those unless you've taken a distribution from them. These will also identify dividends, capital gains, capital gain dividends, reinvested dividends, and non-taxable distributions, all of which are needed.
- Unemployment - These generally come to you on a form 1099-G, but many folks didn't receive them last year. If you received any unemployment last year and haven't gotten the 1099-G form by the end of January, please contact them OR go online to your DES account and see if you can print on up.
- Alimony - If you receive alimony, please jot down what you received or paid. Child support is not included in your income, though.
- Small Businesses - If you own a small business (sole proprietorship), you'll need some sort of documentation showing your gross income, cost of goods (if any), and all your business expenses. Please have proof!

Include income from selling on EBay, Craigslist, etc., too. Please download and complete the small business worksheet at reliabletaxaz.com. Please upload the completed form through Link.

- Rental property - Please provide your gross rental income, expenses, and purchases of assets. If you have more than one rental property, keep a separate sheet for each one. If you bought or sold a rental property this year, please bring in both the purchase and sales settlement sheets because we'll need these. Visit reliabletaxaz.com and print the rental property worksheet. Please complete it and upload it.
- 1095-A If you purchased health insurance through the healthcare exchange (Marketplace), you'll need this form for your return. Please upload this via Link as we can't file your return without it.
- Gambling - You need to report all your gambling income, even if you don't win enough to generate a W-2G form. If you gamble a lot, you'll need to keep a detailed journal of your winnings and losses. Please keep a log of when you went to the casino, who you were with, how much you won and lost, etc.

EXPENSES – (but only if you itemize deductions)

- MEDICAL - Most expenses for medical are deductible, if NOT paid from an HSA account. Now, for Federal purposes, most of you won't be able to deduct these expenses, but you may deduct all your medical expenses on your Arizona return, so please take the time to list these for me. If you have questions concerning these types of expenses, please e-mail me or leave me a note and I'll research it.
- TAXES - Remember that sales tax on motor vehicles is deductible. You can also still deduct the VLT (vehicle license tax) found on your car's registration and real estate taxes. The real estate taxes can be either on your personal residence, second home, or vacant land.
- INTEREST - The only interest you're able to deduct is on your home or second home. This is different from rental property. Now, please be aware that there may be limits on the amount you can deduct for primary and second home mortgage interest because you're limited to your cost basis plus improvements. Interest on bare land is not normally deductible but may be considered "investment interest" or capitalized for future use.
- DONATIONS - EVERYTHING claimed as a donation on your return MUST be documented. No exceptions to this rule. If you gave money to the church, no receipt means no deduction. The same for non-cash

donations. You must have receipts and should take pictures of the non-cash items showing their condition was good or better. This area needs documentation. Be prepared!

Some charities are qualified for the Arizona tax credits of anywhere from \$200 to \$2200. Make sure you send me those receipts as they contain info that needs to be on your return in order to get credit for those particular ones.

Also, Arizona allows you a partial deduction for charity even if you don't itemize, so definitely prepare this section.

- CHILD CARE - This is a tax credit and must have the provider's name, address, social security number or EIN, and amount paid or else no credit.
- TUITION - Some school credits are still available, but you'll need proof. If your child attended a qualified university, you'll get a 1099-T.
- OTHER - Please remember that ALL deductions need documentation, which means vehicle logbooks (if necessary), receipts, credit card slips, or other types of proof. This is for your benefit and will protect you in an audit. The receipts and proof are your best friends.
- FORM 1099-K These are for all cash app types of transactions you made for \$600 or more during the year. Please bring these in or upload to Link.

AZ Tuition Connection:

We've got a feature for making the AZ Tax Credit donations on my website. I have a special link to the AZ Tax Credit Funds website that allows you to make a deduction, on one website, to most any charity that the state allows you a tax credit on. By clicking on the link, you can make that tax credit donation online and, in addition, they'll e-mail me a copy of the donation receipt. That way, I'll have the receipt info I need to enter on to your tax return. Here that link: <https://aztaxcreditfunds.com/reliabletaxaz>.

Thanks so very much for all your business this past year. Hope you all have a wonderful Christmas and New Years', and we'll talk with you this spring!!