Beck's Tax & Business Services

KNOWLEDGE. EXPERIENCE. DEDICATION

TaxBrief

Keeping you informed January 2023

Este documento esta disponible en español en nuestra pagina de web. www.BecksTaxService.com

Happy New Year!

May 2023 bring peace, health and prosperity to both you and your family. I look forward to seeing you soon! We will be available for appointments starting **Monday, January 23rd**, this is the first official day that IRS starts accepting returns. Last day for individual timely filing will be **April 18th.**

We have highlighted a few key issues to watch for as you get ready to have your 2022 tax return prepared.

Tax Appointments

In-person tax appointments, drop offs, mail-ins and upload of documents through our secure portal will be available. Do **NOT** email tax documents, use our secure portal. Per IRS policy, tax documents must be submitted through our secure portal. Please request more information if you would like to upload documents. **Appointments only – No Walk-Ins**. Please be on-time, if you're late, we might need to reschedule your appointment.

Where's My Refund?

For updates on your 2022 refund, visit:
IRS: www.irs.gov/refunds
FTB -California: www.ftb.ca.gov/refund

Office News

- **Increase in our fees:** As we set our sights on a long, sustainable future, after 12 years, we are updating our fees. Continuous tax changes over the last three years requires that us tax professionals do more of the IRS work especially when related to tax credits.
- Due to IRS reporting policy changes, we will charge an additional fee for stocks and crypto currency reporting.
- For **stocks and crypto** reporting, please email or print your forms **before** your appointment, be prepared to show whether you had a gain, loss, cashed out or not, **ALL** transactions are reportable. I will need **ALL** forms.

News from the IRS

The IRS plans to receive $80 billion in additional funding, this is to increase its compliance and enforcement efforts. It includes an increase in small business and corporation audits. Please continue to keep receipts, logs, and detailed records.

IRS still has a backlog of 8 million tax returns, there may be a delay in 2023, please be patient.

Reminders

- Unemployment is taxable income – bring your tax form or download it from your EDD account.
- Retirement/Pension distributions are taxable income with a 10% penalty if you do not meet the 59 ½ years of age or older requirement.
- If you are 72 years of age, remember to take your retirement distribution and avoid Required Minimum Distribution Penalties.

Visit our website throughout the tax season for our latest news and updates
www.BecksTaxService.com

2022 Changes That May Affect Your Return

Changes in the number of dependents, employment or self-employment income and divorce, among other factors, may affect your tax-filing status and refund. This means that taxpayers will likely receive a **significantly smaller refund or an increase in their tax liability.**

No additional stimulus payments

- Unlike 2020 and 2021, there were no new stimulus payments from IRS in 2022.
- Many taxpayers received the State of California Middle Class Refund, this will be taxable to the IRS, not the State.

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.

- For the EITC, eligible taxpayers with no children who received roughly $1,500 in 2021 will now get $500 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.

Child tax credit

Decrease in Child Tax Credit! Those who got $3,600 per dependent in 2021 for the CTC will, if eligible, get **$2,000** for the 2022 tax year.

No above-the-line charitable deductions

During COVID, taxpayers who take the standard deduction were able to take up to a $600 charitable donation tax deduction on their tax returns. However, for tax year 2022, taxpayers who take the standard deduction, won't be able to deduct their charitable contributions.

Payment Apps (Venmo, Zelle, etc.)

The IRS announced a delay in reporting thresholds for third-party settlement organizations set to take effect for the upcoming tax filing season. As a result of this delay, third-party settlement organizations will not be required to report tax year 2022 transactions on a Form 1099-K to the IRS or the payee for the lower, $600 threshold amount enacted as part of the American Rescue Plan of 2021. Calendar year 2022 will be a transition period for implementation of the lowered threshold reporting for third-party settlement organizations (TPSOs) that would have generated Form 1099-Ks for taxpayers.

The new threshold for business transactions is $600 per year; changed from the previous threshold of more than 200 transactions per year, exceeding an aggregate amount of $20,000. The law is not intended to track personal transactions such as sharing the cost of a car ride or meal, birthday or holiday gifts, or paying a family member or another for a household bill.

Updated Electric Vehicle Credit

It may seem the 2022's $7,500 tax credit for purchases of new electric vehicles is just a continuation of a credit that was already available, but the legislation made many substantive changes. The credit now has several restrictions on that may make it difficult for some buyers of electric vehicles to take advantage of it.

Starting in 2023, only households with incomes of up to $300,000 qualify for the credit, with the credit limited to individual taxpayers with incomes below $150,000. Additionally, only battery-powered cars priced at less than $55,000 are eligible, or $80,000 for vans, SUVs and trucks. Finally, final assembly of the vehicle must have been in North America, and the materials from which it is constructed must meet specified sourcing requirements.

We hope this year-end newsletter answered some questions you may have had. As always, please reach out if you have any additional questions before your annual appointment.

Beck's Tax & Business Services

Tax Organizer

Our tax organizer will give you a better understanding of what paperwork you need to provide to us, which will help us in completing your return. Please complete the information below and submit it with your documentation.

General Information							
	Last Name	First Name, M.I.	Soc. Security #	Birth Date	Occupation	Blind	Disabled
Taxpayer							
Spouse							
Marital Status:	☐ Married	☐ Single	☐ Widow(er) Date of Spouse's Death:				
Filing Jointly:	☐ Yes	☐ No					
Street Address		City		State	Zip		
Home Phone		Work Phone	Cell Phone	Email			

Dependents (Children & Others) – Need to have this information for filing						
Name (As it appears on the Social Security card)	Relationship	Date of Birth	Social Security#	Months Lived With You	Disabled	Full Time Student

List of documents to reference and bring to your interview

*New Clients Only: Please bring copies of last years' tax returns.

Did you receive the state of CA middle class refund? ❑received a total of $ ❑did not receive any payment

Have you changed banks or have a new bank account number? ❑NO ❑YES (provide new info at appointment)

Did you buy, sell, trade stocks, crypto or virtual funds? ❑NO ❑YES (bring or email ALL reports even if you did not sell.)

- ☐ Wage statements/W-2s
- ☐ Self-employment business income and expenses/1099-MISC
- ☐ Commissions received/paid
- ☐ Pension, retirement income/1099-R
- ☐ Unemployment income/1099-G
- ☐ Canceled Debt Amount/1099-C
- ☐ Social Security income/SSA-1099
- ☐ IRA contributions
- ☐ Statements on the sales of stocks or bonds/1099-B
- ☐ Estimated taxes or foreign taxes paid
- ☐ Interest and dividend income /1099-INT/1099-DIV
- ☐ Lottery or gambling winnings/losses
- ☐ State refund amount/1099-G
- ☐ Income and expenses from rentals
- ☐ Alimony paid or received
- ☐ Record of purchase or sale of residence (Escrow Summary)
- ☐ Medical and dental expenses
- ☐ COVERED CA/Marketplace (medical insurance) Forms 1095A & 395A
- ☐ Real estate and personal property taxes (DMV, etc.)
- ☐ State or local taxes paid
- ☐ Cash and non-cash charitable donations
- ☐ Mortgage or home equity loan interest paid/1098
- ☐ Unreimbursed employment-related expenses
- ☐ Job-related educational expenses
- ☐ Educator/Teacher expenses
- ☐ College Tuition and Education Fees/1098-T (for dependents too)
- ☐ Student loan interest/1098-E
- ☐ Casualty or theft losses (not reimbursed)
- ☐ Childcare expenses and provider information

Beck's Tax & Business Services

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Office Hours

January-April
Monday -Friday: 9:00 am-6:00 pm.
Saturday: 9:00 am-3:00 pm
Some later evening appointments available by Appointment Only, No Walk-ins. Cell Phone Calls/Texts will only be responded to during office hours.

Non-Peak Season Hours
May through December: Office Hours Vary/By appointment Only

Important Dates/Deadlines

January 24	Tax Season Starts
January 31	Businesses: Must File & mail W2 and 1099 forms
March 15	S Corporations and Partnerships returns due
April 18	Individual Tax Returns C Corporations, Sole Proprietors, Single Owner LLCs, freelancers, household employers