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As 2022 comes to a half way point, we've highlighted a few key issues to watch for as you keep records for your 2022 tax returns.

Mileage Rate increase Mid-Year 2022

Beginning July 1, the rates are 62.5 cents per mile for business use of an automobile and 22 cents per mile for costs of using an automobile as a medical or moving expense. **Clients using a mileage rate deduction will need to provide split mileage records to take advantage of these rates Jan-June & July -Dec.**

1099-K threshold is \$600 in 2022 / Non-Business-Related Transactions

After a night out with friends, some of whom didn't come with cash, the group decides that one person pays, and the rest will send their share of the meal (plus tip!) on Venmo or another type of cash payment application. Or after a day shopping with your older child and you pay for that pair of pants, but your child is responsible for paying you back later using a cash app.

Here's something important to pay attention to this year if you use certain cash applications to send or receive money for something other than business transactions.

In the past these transactions would have been no big deal. However, in 2022, IRS has **reduced the 1099-K threshold from \$20,000 to \$600**. What if a payment app mistakenly sends you a 1099-K for personal transactions? Since the 1099-K must be issued before Jan 31, 2023, you may be unable to file a 2022 tax return timely because IRS wants you to attempt to correct any incorrect 1099-Ks before you file.

If you want to minimize the chance of incorrect 1099-Ks being issued next year, you need to ask those friends or family members to correctly **designate the payment as a non-business-related transaction** and then make a note in your records what the payment was for and from whom it was received.

Right now, anyone who use third-party payment networks should print their monthly reports and annotate them with the business or tax purpose.

If these accounts are used for both business and personal reasons, you may find it helpful to create separate business and personal accounts to track reportable transactions by type of income, deductions, and expenses. This will save accounting and tax consultation fees.

Next year, anyone who receives an erroneous 1099-K, must contact the payment app vendor to request a correction to IRS. [See the IRS FAQs](#) for how to have it corrected. Ouch!

Are your final affairs in order? A checklist to get you started

Are your final affairs in order? Make sure all bank accounts have direct beneficiaries. The beneficiary need only go to the bank with your death certificate and an ID of their own.

- TOD = Transfer On Death deed if you own a home. Completing this document and filing it with your county saves your heirs THOUSANDS. This document allows you to transfer ownership of your home to your designee. All they need to do is take their ID and your death certificate to the county building and the deed is signed over. Doing this will avoid the home having to go through probate.
- Living Will: Allows one to put in writing exactly what you want done in the event you cannot speak for yourself when it comes to healthcare decisions
- Durable Power of Attorney: Allows one to designate a person to make legal decisions if one is no longer competent to do so.
- Power of Attorney for Healthcare: This document allows you to designate someone to make your healthcare decisions should you be incapacitated.
- Last Will and Testament: Designates to whom personal belongings will go to.
- Funeral Planning Declaration: allows one to say exactly one's wishes as far as disposition of the body and the services.

If the above documents are done, you can AVOID probate. If all the above is not done, you have to open an estate account at the bank. All money that doesn't have direct beneficiaries goes into this account. You have to have an attorney to open the estate account. The attorney also has to publicize your passing in the newspaper or post publication at the county courthouse, to allow anyone to make a claim on your property.

- Make a list of all banks and account numbers, all investment institutions with account numbers, lists of credit cards, utility accounts, etc. Leave clear instructions as to how and when these things are paid. Make sure heirs know where life insurance policies are located.
- Make 100% sure SOMEONE knows your Apple ID, bank ID account logins and passwords!
- Also consider Facebook log-in info. There are very few state laws governing how your social media accounts should be handled when you die. Due to this, Facebook has almost total control of what happens to your profile when you die. Without proper planning, your Facebook account could possibly haunt your loved ones that are left behind.
- Make sure you have titles in your possession for all vehicles, campers, boats, etc!
- MOST IMPORTANTLY!!!! - Talk with those closest to you and make all your wishes KNOWN. Talk to those whom you've designated, as well as those close to you whom you did not designate. Do this to explain why your decisions were made and to avoid any lingering questions or hurt feelings.

Hope this lights a spark to encourage all your friends and family to take care of these things to make it easier for those we all leave behind! Hopefully, the above list helps you start an important conversation with your loved ones.

Sincerely,



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