



Dear Clients and Friends,

WOW! What a ride we have had these last few years.

I would like to be able to tell you that the worst is behind us – but when it comes to the government, I cannot bring myself to be that optimistic.

We as professionals, know the struggles you have faced in just trying to adhere to the everchanging rules and regulations as well as the multitude of false tax notices that many of you have received over the past two years.

The fact that we have not been able to be much help has left us feeling helpless, not being able to contact either federal or state agencies to resolve any disputes.

In this last minute before tax season starts, officially on the 24th, I what to share with you that Congress has not passed any major legislation – YET – affecting 2022 returns. A few things occurred in late 2022 but nothing major has occurred.

One thing that was issued in the IRS Notice 2023-10 is that the IRS delayed 1099-K reporting over \$600 for 3rd party settlement organizations by postponing it for one year. This delay applies to things like Venmo, PayPal, etc.

Additionally, Congress passed the “Consolidated Appropriations Act of 2023” and many parts of which will go into effect in 2023. This also included the “Secure Act 2.0” which contains new retirement rules.

In early 2022, the National Taxpayer's Advocate Office released a sad report on the conditional at the IRS and it is worse than most people thought. We professionals already know that the phone is never answered, the letters lie unopened for months and that 90-day and similar notices are being incorrectly issued even though the IRS cashed the check months earlier.

The response times to these duplicate letters will double or triple the announced IRS paper backlog and my personal fear is that we are in a state of collapse in the US income tax system.

Many of you have expressed frustrations with the IRS. I can only empathize. Unfortunately, I don't see any relief in sight, but possibly just the opposite. The IRS has indicated that they are hiring an additional 87,000 employees but this does not take into account the current employees retiring along with the overall labor shortage.

Due to all of issues facing the IRS, official filing season will commence the end of January. If you are expecting any 1099s for miscellaneous income you may want to hold off on filing your returns. It is my opinion that many companies will be delayed a few weeks – if not months - in issuing the proper forms.

As I will be traveling the months of February and October, it is imperative that you use the client portal to upload all of your documents. This will allow me access to your tax documents and although traveling, I will be working. For any of you thinking you will need an extension this year, please be advised that I will be out of the country for the month of October so we will need to have your returns completed by the end of September.

As always, should you have any questions or concerns, please give me a call at 303.909.7275.