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December 2022

Dear Best Clients Ever:

We are still here! We hope the same for you! The year is once again at an end, and we do wish time did not fly by quite so fast! But fly it does, and tax time cometh also, as you would know if you have opened the envelope or email and are reading this letter. We have been knocking on wood all year because none of our staff has contracted COVID to date, despite several close calls. We hope you have managed to avoid or recover from this virus yourselves. I know you all want to know when Heather is going to retire, and the answer is…NEVER! Not really, but there are still a few years left before she declares herself no longer fit for this work. She still enjoys seeing all her favorite clients but would really like to cut back on the corporation and trust tax returns somewhat. To that end, we may be adding a preparer to take on some of that work. We have been enjoying having Mondays off lately, although sometimes some of us end up in the office anyway. We anticipate not being able to continue this into tax season, but we'll start off the year that way and see how it goes. Please take a moment to scan the information in this letter, however it may apply to your situation. Not much has changed since the prior year.

TAX RETURN DUE DATES FOR THE 2022 TAX YEAR

Filing As…	Filing Deadline (or Extension Request)	Filing Deadline w/Extension
Individual/Sole Proprietor Tax Returns	April 17, 2023	October 16, 2023
Partnerships & S-Corp Returns	March 15, 2023 if on calendar year	September 15, 2023
C-Corporation Returns	April 17, 2023 if on calendar year	October 16, 2023

CA MIDDLE CLASS TAX REFUND

The Middle Class Tax Refund (MCTR) was a one-time payment in the 4th quarter of 2022 to provide relief to Californians. Eligibility was dependent on your status and income level during the 2020 year. Please look through your bank records and provide to us the amount you received.

IRA CONTRIBUTIONS AND DISTRIBUTIONS

- **IRA Contributions:** the deadline is April 17th, 2023 to make contributions to an IRA for 2022. The maximum contribution is $6,000 (or $7,000 for those over 50).
- **IRA Distributions:** For those over 72 (or who turned 72 in 2022), please be advised you are required to take a minimum distribution (RMD) from your IRA.
- **Qualified Charitable Distributions (QCD):** Once you have reached age 72, you may opt to have some or all of your Traditional IRA RMDs sent directly to charitable organizations of your choice. This will allow you to exclude those amounts (up to $100k per year) from your gross income.

UNEMPLOYMENT INCOME

If you received unemployment compensation, please be advised that you may owe federal taxes even if you had withholding.

VIRTUAL CURRENCY

Guidelines around virtual currency (Bitcoin, etc.) are rapidly evolving, and the best advice we can give at this point is to ensure any buying or trading of virtual currency is being tracked and recorded meticulously. Every client must inform us whether they purchased or traded in virtual currency this year.

REMINDERS

If you have moved this year, please let us know any changes to your address, phone number, and/or email.

If at any point your tax return is in the process of being prepared and you haven't heard from us, please call or email to inquire, or check to see if we have emailed you questions you may have missed.

(In other words, please KEEP IN TOUCH.)

Extensions: we can assist you with requesting an extension to file; **if you have requested an extension of your own, *please let us know* so we don't start to fret!**

Please note: If you will owe a balance, that balance will need to be paid along with the extension request to avoid late payment penalties.

For 2022, **you can still deduct up to $300 per filer for charitable cash donations** contributed by Dec 31, 2022.

Health Insurance is still required in the state of California. There may be a penalty for each month of no insurance, based on your income. Penalty for the full year starts at $800 per adult and $400 per dependent.

GETTING US YOUR TAX DOCUMENTS

Please collect all applicable documents listed in the checklist on page 2 in one of the following ways:

- **Physically:** collect in a folder, large envelope, or box to bring to us at 1230 E. Wardlow.
- **Electronically:** to send files electronically, please call or email and we can send you a secure ShareFile link.
- **By mail:** we prefer to receive **copies** of your files if you're sending them by mail – keep the originals safely in your records for at least 4 years.

CONTACT INFO

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FINAL NOTES

You will find our **Engagement Letter** enclosed. Please review this letter, sign it, and bring it with you to your tax appointment, or send a signed copy with your info when you mail or email it. We appreciate your cooperation!

Please also be aware that we process up to 600 individual tax returns each year, and we are simply not able to process them all at the same time, so please do not wait until the last moment if you can help it. If your need for an extension is beyond your control, of course we can accommodate those instances. But for those of you who just wish to put off the inevitable, we urge you to just bite the bullet – getting it done and finalized allows both you and us to relax! See the checklist shown to the right and call or email us to schedule an appointment or send everything over ASAP once you have everything.

If we receive your tax documents after April 1st, and you want the return done by April 17, a rush fee of $50 will be added to your invoice. Furthermore, at that point we cannot absolutely guarantee your return will be done by the due date; in such cases, we will file an extension for you.

We look forward to seeing those of you who come in, and to hearing from those who cannot physically come into the office.

We wish you a holiday full of joy, and a 2023 that is healthy and happy.

Warmest wishes,

Heather, Melody, Mike, Tracy, Carrie, and Lauren

Just for a laugh..

-- Every year around April 15th Americans have a rendezvous with debt.
-- Income tax is the fine you pay for thriving so fast.
-- A harp is a piano after taxes.

TAX DOCUMENT CHECKLIST

- ☐ Signed copy of our **Engagement Letter** (included)
- ☐ **W-2 Form(s)** from your employer(s), if applicable
- ☐ **1099 Forms**
  - **1099-INT** or **-DIV** (interest / dividend income)
  - **1099-R** (retirement income, annuities, IRAs, etc.)
  - **1099-B** (stocks sold through brokerage)
  - **1099** for unemployment/family leave
  - **1099-SA** for healthcare distributions
- ☐ **1095-A**, **B**, or **C** (or other health insurance info)
- ☐ **1098** (mortgage interest form), if you can itemize
- ☐ Property Tax Letter indicating prop tax paid this year
- ☐ Charitable contributions (an estimate if under $500)
  - *Receipts are required for non-cash contributions, along with dates and descriptions of donated items*
- ☐ Business Income and Expenses, including:
  - **1099-MISC** (or **NEC**)
  - **1099-K** if applicable
  - Business mileage and home office expenses
- ☐ Rental Income and Expenses, by property
- ☐ Real Estate bought or sold (with **closing statement**(s))
- ☐ **K-1 Forms** from Trusts, Partnerships, S-corps
  - *Please note: these forms often come in late and necessitate an extension*
- ☐ Estimated tax payments made throughout the year
- ☐ Copies of Social Security cards for any dependents, if these have not been previously provided.

Privacy Statement: We collect nonpublic personal information about you from the following sources: Information we receive from you on tax preparation worksheets, applications, and other documents we use in preparing your tax returns or other forms; information about your transactions with us, our affiliates, or others; and information we receive from a consumer reporting agency. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law, or as requested by you. We restrict access to nonpublic personal information about you to those members of our firm who need to know that information to provide services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information. Your confidence in us is important and we want you to know that your personal information is safe. If you have any questions or concerns about this, please contact us.