

HAPPY NEW YEAR!



The good news is that 2022 is behind us. The bad news: another tax season is upon us.

We welcome the New Year. We welcome the opportunity to make many improvements over last tax season.

First, we are committed to strengthening our relationships with our clients. In 2022, health issues greatly affected the quality of care that we provided. COVID was the least of our issues. We encourage you to ask for a Zoom meeting with your preparer to review your documents, talk about changes, etc, and just so we can get to know you better. We would also love to review your final return with you.

Last year, we had way too many clients on extension. To reduce extensions, we are reviewing each client and will put them into new categories, such as Easy, Has Rentals, ASAP, etc, so that we can assign your return to the appropriate tax preparer and, hopefully, turn it around faster.

In addition, we are offering a *very limited number* of clients the opportunity to come into the office and let us prepare your return as you wait. The clients must have just common documents, eg. social security, retirement distributions and/or wages.

If you have brokerage accounts, sale of a home, stock options, rentals, etc, we cannot do your return as you wait. We will be sending "invitations" to the clients we think are suited for this, but you can contact us as well.

Important dates

Our online questionnaire and engagement letter will be available now. Go to www.jkassociatetax.com and then the Individuals (and/or the Business) tab. If you submit the online documents, you do **not** need to print a hard copy and send it to us.

We request your documents, except for brokerage statements and K-1s that are always late, by March 1. We will give these clients our highest priority as we work toward the April 17 deadline. We hope to be able to get you vouchers by March 24 for extension payments and first-quarter estimated tax payments if necessary.

Clients who come in on March 24 or later may be put on extension. But we will most likely not be able to prepare extension estimates or first-quarter estimates.

Our office will be "closed" from April 1 through April 17 so that we can focus on your returns without the interruption of phone calls and emails. However, we will always handle emergency calls/emails.

Effective immediately and until further notice, our office is closed on Wednesdays due to staffing changes.

Be forewarned

Most of the COVID-era tax credits have not been renewed (though Congress has been known to make very late changes!). If you got a refund last year, it may be less this year. If you owed, you may owe more this year, assuming everything in your return is about the same as last year.

JK Associates, LLC

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**CLOSED
WEDNESDAYS**

**PLEASE CALL THE
OFFICE BEFORE
DROPPING OFF
DOCUMENTS TO
MAKE SURE WE
ARE HERE.**

Specifically, here are some changes:

1. There are no longer above-the-line deductions for charitable contributions. Last year, you could deduct up to \$300 (singles) or \$600 (married filing jointly), even if you didn't itemize. This year, you must itemize to take the deduction.
2. The child tax credit reverts to 2019 levels. The credit is \$2,000 per qualifying child, a drop of up to \$1,600, and your credit may not be fully refundable. The qualifying child must be 16 or younger, not 17 as last year. In addition, the monthly payments that parents received are no longer offered.
3. The earned income tax credit and the dependent care credit have also reverted to 2019 amounts.
4. There will be no additional stimulus payments.

The good news

1. One carryover is eligibility for the premium tax credit. There is no restriction based on income above the poverty line.
2. And the standard deductions have increased, and the tax brackets have also expanded.

There is one **new change** that may affect your tax return –maybe this year, and definitely going forward.

If you use Venmo or Cash App, for example, or sell things on Etsy, Facebook or Ebay, etc, you may get a new form, 1099-K. In the past, you received this form if you had 200 or more goods and services transactions, or your transactions exceeded \$20,000. This year the IRS tried to lower the threshold to \$600. Then, in late December, the IRS, reacting to a lot of complaints, delayed the change.

HOWEVER, YOU MAY STILL GET THIS FORM (especially if you own a business) AND YOU MUST PROVIDE IT WITH YOUR TAX DOCUMENTS. Looking ahead, if you are using these apps/sites, please make sure you label the transactions as personal or business, if you can.

Business owners

The mileage rates for 2022 changed on July 1.

Please report your mileage from January - June and then from July- December. And if you haven't written down your mileage as of Jan. 1, do it right now -- or take a photo of your odometer. The IRS requires logs.

For tax year 2023 and beyond

In 2023, the credit for energy efficient improvements is much more than in the past. Also, there is a new credit for electric vehicles, though not all cars are eligible and your income may affect how much credit you will get.

If you have not started distributions from retirement accounts, you don't have to start them until you are 73.

In addition, starting in 2024, some unused 529 education funds may be moved to a Roth IRA for the beneficiary. There are some restrictions, of course, but this is really good news.

Scanning request

We are pleased that so many are using our secure portal to upload documents. To help us, please scan documents that are several pages long into one document.

For example, if you have a 12-page brokerage statement, combine all 12 pages into just one document, rather than sending us 12 separate documents.

Also, we prefer that the documents be saved as a PDF, not as JPEGs, if possible. Check the apps for your phone for one that handles PDFs.

We have a How to Scan document on our website, www.jkassociatetax.com, with more details.

Take note

We are always concerned about cybersecurity. **Please do not send any attachments** that have sensitive information – socials, account numbers, etc -- via email. **Our new policy is that we will immediately delete such emails and ask you to upload the documents to our portal instead.**

We are working on some short videos to help you with the log-in process and the e-signing process.

Inflation

Yes, inflation has hit us as well. You can expect that your prep fees will increase **significantly** this year. We have not changed our base fee since the 1990s, but now we must. We recommend that you review the invoice that is included in your tax return to see how we charge.

If you want an estimate of the price increase before you commit to working with us, give us a call.

Transitions

We understand that you may have been disappointed with our service last year and will be using a new firm this year. Just let us know by emailing us at info@jkassociatetax.com so we can remove you from our email list. We will be glad to help your new accountant in any way we can.

If you have any questions or concerns, please reach out to me at Karen@jkassociatetax.com.

We wish you a very happy and healthy New Year and the entire JK Associates staff is looking forward to working with you again.

Karen Brelsford