

PRECISION TAX & ACCOUNTING SERVICES INC.

Rebecca J. Muller, Accountant & Enrolled Agent

**1350 Deer Park Avenue, Unit 1
North Babylon, NY 11703**

Telephone (631) 274-5349

Fax No. (631) 274-5360

<http://precisiontaxservices.com>

Rebecca@precisiontaxservices.com

December 3, 2023

Dear Clients:

Once again, the New Year is fast approaching as well as another tax season is here. 2023 has a few minor tax changes which include a little bit of a higher standard deduction. The most significant changes to note are the energy credits which were sent in an email in July of this year. **I will list later in this letter, special items to be considered for the preparation of 2023 returns.** Please also remember, especially my New York State Residents, that New York has **not** conformed to the new tax laws and will still be allowing the Itemized Deductions as they have in the past. **So** even if you do not qualify to itemize on the Federal Return, you may still qualify to itemize on New York State as well as some other states that did not conform as well. So please keep track of your expenses as you have in the past. If you are not in New York, you can email me and ask me separately what might be needed for your state.

We are doing face to face consultations this year but we are asking anyone that is not feeling at all well to not come into the office. An illness of any kind running through the office would create a disaster for the operations especially during tax time.

There are also several virtual options. I have created a safe portal through a company called Smart Vault. When you contact me, I can send you an invitation to upload your information to that portal. If you did this last year, you still have the same access to that portal. Let me know and I can add a 2023 folder for you to access. Here I can retrieve it and upon completion of the return, I can upload it to that file for safe keeping. Other ways to get me your tax information will be through postal services and email. You can also call and make an appointment to drop off during office hours, which are numerous during the season.

In the meantime, it is very important to prepare for the upcoming tax filing to maximize all possible deductions which will allow for increased tax refunds. Some tax savings can still be accomplished this year by **contributing** the maximum to 401K, 403B and IRA accounts, **off-setting any capital gains with capital losses**, **contributing** to 529 plans for college savings in certain states by December 31 (make sure that the plan you pick is deductible in the state that you live), giving extra to charity, contributing the maximum to HSA accounts, and paying off medical expenses for any possible medical deduction.

Please also remember deadline filing dates are as follows:

| | |
|---|-------------------------|
| "S" Corporate Tax Deadline | March 15, 2024 |
| "C" Corporate Tax Deadline | April 15, 2024 |
| Personal Income Tax Deadline | April 15, 2024 |
| Partnership Tax Deadline (LLC's) | March 15, 2024 |
| 1099 and W-2 submissions | January 31, 2024 |

(No Extensions allowed for filing of W-2's and 1099's)

If you cannot file by these dates, please notify us so that a proper extension can be filed. If there is a balance due on any return, it must be paid at the time of the extension to avoid incurring possible penalties and interest. **There is no extension of time to pay only an extension for time to file a proper return.**

Electronic filing is mandatory and the preferred method of filing because it achieves many benefits. Direct Deposit of refunds is also preferential because it stops the stealing of refunds from mailboxes or being lost in the mail. **So please verify your routing number and account number when preparing the returns, both personal and business.** (Deposit slips and bank cards do not have the proper information on them). We can use the bank information for all processed return payments as well.

Also, for **New York State and a few other states**, we must have your Driver's license or state identification information for all titled taxpayers on the return if they have a Driver's license or Non-Driver's license photo ID. Unfortunately, the information will not carry through from last year and we will need to know current information for those of you who's license has expired or changed from the prior year. This is one way that NYS is trying to prevent fraud.

The following items must be obtained before your returns can be completed:

- .All W-2's (final pay stubs will only be used for estimation purposes only)
- .1099's, 1098's, (interest income, mortgage interest, unemployment, college tuition)
- .Social security numbers and dates of birth for all dependents. Without a social security number there will be NO deduction and certain credits will be limited as well.
- .For **dependent and child care deductions**, the social security or employer identification number and address for the person, school or business doing the caring. It is very important to have ALL information pertinent to allow the credit. You should be able to obtain this information at your child's facility.
- .Stock Transactions: **Year End Reports (1099's) provided by brokerage companies.** If you have a managed brokerage account, please have your realized gain/loss reports available as well. The brokerage houses have been mailing the statements **later** and have been issuing many corrections to the original reports. I don't expect this year to be different.
- .Virtual Currency (Digital Assets): **Year End Reports (1099's) provided by brokerage companies.** If you have a managed brokerage account, please have your realized gain/loss reports available as well even if you did not sell. IRS wants to know if you purchased, gifted, or were awarded or sold any virtual currencies!
- .All **CLOSING STATEMENTS** for purchases of real estate, sales of real estate, home equity loans or refinances.
- .If you take a **home office deduction**, please have available the total square footage of your home and the total square footage of the area used exclusively for your business. Please also have available the total of all utility bills (including water), repairs and maintenance, landscaping, home improvements, etc. as some of these expenses will be proportionately deductible against your income.
- .If you take any **mileage deductions for work or business**, please have available the total mileage on the vehicle(s) for the year, amount which is commuting, that which is personal and the amount which is business. IRS wants to see the whole picture.

IMPORTANT ITEMS ESPECIALLY FOR 2023:

Individual concerns:

1. **Unemployment statements** – Either downloaded or mailed.
2. Dependent Care Deductions expenses have been reduced back to \$3,000 a year for a maximum of 2 children.
3. **Crypto Currency is a very hot topic this year.** Please make sure to notify us of all activity so we can keep you in compliance. See other comments on this on previous pages.
4. New York State will be requiring accurate license information so I will need a picture of your licenses (front and back please).
5. Estate and Gift Tax Planning – 2023 allows a gift of \$17,000 and 2024 that will increase to \$18,000. (This is not a tax deduction for the giver nor a taxable situation for the receiver. It is a way to reduce your taxable estate while you are alive.)
6. Electric Vehicles and Charging Stations - please send receipts for all electric vehicles and charging stations so we can determine the appropriate credit (new and used).

BUSINESS FILERS: We are very proud of the work we did last tax season helping clients with all these and we have a healthy list of who received what but we are also aware that some of the private businesses received these funds on their own. So, while preparing the returns, we will need the following information:

1. Economic disaster loans:
 - a. Interest paid on the EID loans is tax deductible and must be specified on the return.
2. Employer Retention Tax Credits (ERTC) – They are a very hot topic at this point with many companies advertising the “way to get easy money” if you qualify. Internal Revenue has done a study and determined that 85% may be fraudulent and putting a halt on processing these claims for the time being. That being said if you received the ERC credit, please also note that your corporate and personal returns must be amended as well. As the ERC reduces the expenses you paid to have employees if you qualify, it increases the income for that year. This increase in income must be reported properly.

Please see the attached list of items needed to prepare your returns. They do not all apply to every taxpayer but it is a good organizational tool.

Thank you.

Precision Tax & Accounting Services Inc.
Rebecca J. Muller, Accountant & Enrolled Agent