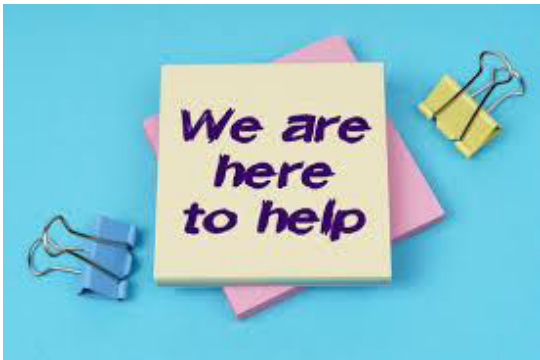


WELCOME TO OUR
Newsletter
we're so glad you're here!



Thanks to those who have been on top of the tax planning with us this year. We are very impressed with all of your efforts! It's still not too late to make some 2022 tax decisions or reach out about big changes that affect your taxes.

We look forward to working with you in the coming months to help you as you gather documents and information for us to prepare your tax return/s. At that time Cressey can also do any necessary 2023 tax planning.

For ease of document uploads and tax Q&A, our Intuit Link invitations will be sent to you by the end of December. Accepting our invitation for your Intuit Link space will lead you to an already-prepped checklist of documents and questions.

If you have any changes, please let us know so we can update your Intuit Link space.

File or Pay your Taxes ASAP

Since parts of the tax code have reverted to pre-2020 levels, it is very important to file your taxes as soon as possible. The child tax credit and child care expense deduction are decreasing drastically, so this **upcoming 2022 tax return will be much less forgiving than the 2021 taxes especially if you have children!!** If you owe the IRS or state revenue departments \$ with your tax filings, the tax amount/s due need to be paid by the April tax deadline, or penalties and interest accrue regardless of filing extensions. Interest rates are increasing, so if you were ok with the interest and penalty amounts of the past and paying those, this year may surprise you at how much more the interest will be.

AZ Business Owners - file the taxes on time and you'll have more options for the 2023 taxes.

If you are mistakenly issued a 1099-K form, you will need extra time to deal with the reporting agency.

If you are uncertain of your 2022 tax situation, having the taxes prepared earlier will alleviate the stress of the unknown and help you alter your course for the 2023 taxes while it is still the beginning of the tax year.



Tips & Hints for 2022 Adjustments

- ** Gather your tax information and numbers now while 2022 is still fresh.
- ** Reach out with any questions about 2022 now! Questions and planning are always free for clients!
- ** Accept our invitation to Intuit Link and visit your customized tax prep space. There you will find access to past tax returns/documents and a list of questions/document requests for the 2022 tax year.
- ** If you normally itemize your Schedule-A deductions, donations to non-profit organizations make a difference by approximately 25% of what you donate. Keep receipts and take pictures of items donated!
- ** If you normally itemized your Schedule-A deductions and have a big chunk of medical bills to pay, it is better to try to pay in full in one tax year instead of spreading it out over two years.
- ** There is no reason tax-wise to rush into a home purchase by year end.
- ** If you are planning to sell a business or rental property, please check in with Cressey!
- ** Businesses—make your big purchases and have them in-hand for use by December 31st, 2022.
- ** Plug-In Electric Vehicles tax credit can still be utilized as well if the vehicle is “in use” by December 31st, 2022. Please touch base with Cressey regarding the specifics of the vehicle and your tax situation to see how much of a difference that could make.
- ** Thinking of converting to solar energy? Purchasing solar for your home during 2022 through 2034 is set for a 30% tax credit. You must purchase to utilize the credit, leasing does not qualify.
- ** Will you receive a year-end bonus, and you expect your 2023 income to be lower than 2022 income? Ask your employer to delay the bonus payment until January or split the payment between the years to spread out the higher income tax rates at your top tier.
- ** If you turned (or will turn) 72 in 2022, and you have a Traditional IRA or tax-deferred retirement account, you are **required** to start pulling a minimum amount out every year. This withdraw is due by December 31st. If you do not take the RMD, there is a severe penalty of 50% of the amount you should have withdrawn.
- ** If you are going to take taxable distributions from retirement funds, it can be better taxwise to split the distribution between two tax years. If you’re thinking about making a withdraw for 2023, it may be wise to take a portion of that now before the end of 2022. This all does depend on your income. If it’s varying from year to year, then you really want to check in with Cressey and do some more specific planning. It is always welcomed!!
- ** Flex Spending Accounts—be sure to use up the funds (for health care or childcare) since many FSA’s are only available to spend during a tax year.

Biggest ALERTS for 2022 Taxes and Beyond:



1099-K TAX FORM ARRIVING IN YOUR APP ACCOUNT OR MAIL BOX!



If you receive a 1099-K tax form—**DO NOT IGNORE - THEY MUST BE INCLUDED WITH YOUR TAX RETURN**—or else the IRS computers will assume you did not properly report your income and will charge penalties and interest accordingly.

3rd PARTY PAYMENT APPS ISSUE 1099-K AFTER \$600?!

If at least \$600 in payments were sent to your bank account for business sales and/or services, you may receive a reportable tax form this January. If you only received \$ for personal pay-sharing and not selling any items or services, the companies *should not* issue you the 1099-K. However, you may still receive one, and it will create taxable income unless you have the tax form reversed by the 3rd Party Payment App. We are hoping the tax forms will only be issued to taxpayers who are truly running a business, but we are anticipating some issues for those who are not.

MOST COMMON 3rd PARTY PAYMENT APPS

Venmo/Square/PayPal/Zelle/
Ebay/Apple Pay/Apple
Cash/Cash App/ Google Pay/
Meta Messenger Pay

1099-K's for ALL Credit Card Processing

Do you process credit card payments? There will be 1099-K forms for **ALL** credit card sales for 2022 and moving forward. The past parameters have been narrowed and this year 100% of all credit card processing produces a tax form 1099-K.



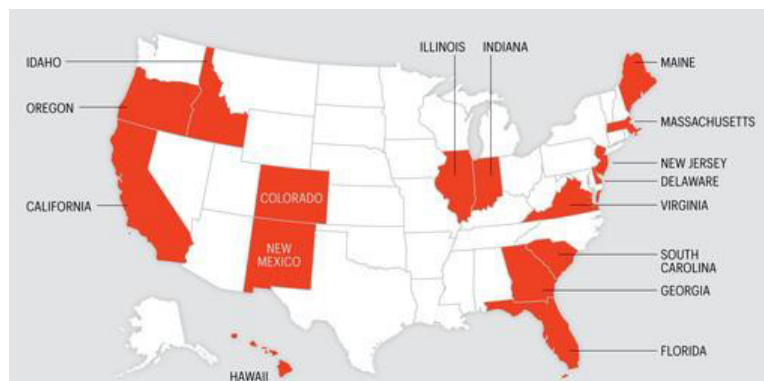
Crypto Currencies

If you sell cryptocurrency, it's a reportable tax event as a capital gain. You will either have a 1099-B tax form to report on the taxes, or must provide the sales & cost basis dollar value of the currency sold. Look for tax forms available in your online account/s or in the mail.

States Issuing Stimulus \$\$\$

on the map ==>

Some states are issuing stimulus \$\$\$. State stimulus funds have or will be paid based on your tax return information. If you were due a stimulus payment but did not receive it, there will be an available credit on your state tax return.



Notes for Businesses

Questions and Planning: Complementary Services

- Thinking about hiring employees?
- Profits growing and wanting to talk business structure options?
 - Please ask! Questions and Planning are the heart of our Tax Service

Intuit Link: Gateway to Shared Info & Communication

Use Intuit Link for your Business Tax-prep as well. We will send you the info for utilizing this Intuit Link space along with your personal tax filings area.

Do you need to issue 1099's?

-If you paid a contractor at least \$600 or more during 2022, there are certain steps you must take depending on the state in which you do business. However, on the federal level, you must have each contractor fill out a W-9 form & provide identification document/s. A 1099-NEC form along with the IRS reporting form 1096 must be filed if you paid contractors \$600 or more. We prepare & mail/provide the 1096/1099 complete business service starting at \$150/annually. Along with the filings and dispersant assistance, we contact you in early January to ensure that your forms are in the mail by January 31st.

Payroll

We are coming to the end of our first year using the online payroll platform Gusto to help our clients manage the payroll taxes and state employer requirements. It's been a very positive change as they file and pay all related payroll taxes on the clients' behalf. Every payroll cycle all related employer taxes and state requirements are withdrawn for that pay period. No bigger quarterly payments. It's cheaper for our clients than when we processed payroll.

Plus, Cressey is your first point of contact for questions and help.



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End of the Year

Gusto Tidbits

-Gusto will charge \$2 per W2 and email them to employees. You can print/give/mail if you'd like.

-For S-Corporation owners with a 2022 salary—the FUTA taxes of \$378 per owner will be withdrawn right around December 31st. We are working with Gusto to update this provision so that for 2023 S-Corp owners can pay this fee as a \$35/month payment instead of a big chunk annually.

Retirement

Planning for Retirement?

Make sure to **connect with Cressey** about any/all questions:

- On your road to retirement.
- Approaching your year of retirement/options while earned income is still a substantial amount
- Options in the midst of retirement



Saving for Retirement?

Making retirement contributions through work is a win-win. Employers can match funds, and you are allowed to contribute more pre-and post-tax dollars to retirement through an employer-sponsored plan. Plus, some employers match your contributions.

Outside of the workplace, Roth IRA's have fewer limitations than Traditional IRAs, but you still must be careful based on your income. Please let us know with any specific questions!

Required Minimum Distributions (RMD's)

Turning 72 and have a Traditional IRA account? By the end of the year that you turn 72, you need to start taking the required minimum distribution amount out of the IRA. If this distribution is not taken, you are assessed a tax of 50% of the amount you should have withdrawn.

Give to Charity Directly from your IRA/Reduce your Taxable RMD

If you would like to use your Required Minimum Distribution (or a portion of it) to donate to nonprofits, you can talk with your retirement account manager and **donate those funds directly to a nonprofit organization instead of receiving them and paying taxes on them.**

Back-door Rumors?

You may be hearing about "backdoor Roth IRA's." This is a way to convert your Traditional IRA or 401(k) funds (that have not yet been taxed) into a Roth account. This sidesteps amount and income level limitations. The downside is that you DO pay the income taxes on the conversion amount in the tax year you make the conversion.

