

2022 YEAR END BUSINESS LETTER

December 15th, 2022

THIS YEAR WE WILL BE HAVING NO SIT-DOWN TAX APPOINTMENTS UNTIL THE RETURN IS FINISHED AND WE CAN GO OVER WITH YOU!

With that being said please follow the list of items that may be needed

- **DEPRECIATION RULES AND DEPECIATION POLICY ADOPTION FOR 2023.** The IRS is requiring us to attach a special signed election to your tax return. Without such a statement every item you spend for repair, acquisition or maintenance costing more than \$200 may be subject individually to a 20-point test of deductibility. Please see the attached election form to move that number **up to \$2,500.00 (you may select a lesser number)** and sign and date it before December 31, 2022 Call if you have questions.
- **MILEAGE:** FOR Individuals there is NO LONGER a mileage deduction, meals allowance or unreimbursed travel expense deduction available on Schedule A. **For those that are Schedule C, E and F filers those deductions ARE STILL allowed.** Don't get confused! IRS requires that we have documentation of the following: **miles for the Business, miles for personal and total miles.** We will have you sign a statement verifying those numbers.
- **INVENTORY:** Please make sure to physically count your inventory, retain the records, and provide us with the accurate total **cost** of inventory on hand at December 31, 2022. Do not include consignments you are holding in this number. In the event of an audit you must be able to provide copies of physical count sheets. The responsibility **to complete and retain these records is the taxpayers.** **The inventory worksheets will be mailed later.**
- **1099s:** Again, this year, there are doubled penalties for late filing or incorrect filing of **all** information returns (1099s, 1098s, W-2s.). The 1099 -INT and 1099-Div are also included in these penalties. Dollar amount does not matter for INT or DIV. **Rental owners are subject to these same rules regarding 1099-NEC Please have your 1099 and/or W-2 information to us by January 20nd or we cannot guarantee it will be done and filed by January 31, 2023.** Details of penalties and how assessed are on our website.
- **W-9:** Your best friend in all this **1099-NEC** (formerly known as the 1099-MISC) is the Form W-9. Have it completed and signed by anyone to whom you gave an **aggregate** of \$600.00 for services or goods and services during the year or you paid rent. See our website for W-9s or call the office and we will mail or e-mail some to you or get them from irs.gov – form W-9
- **CORPORATIONS:** We also want to remind you to make sure that your corporate minutes are up to date and maintained on an annual basis and are in your corporate book. We **do not** maintain these items for you. They must be maintained by the officers of the corporation. Only S and C corporations are required to have and maintain minutes. LLC's have no such requirement. Partnerships have an operating agreement and policies.
- **Tax Cuts & Jobs Act (TCJA)** had many changes for the tax returns of businesses as well as individuals The most significant ones 1) are amount of capital items that can be written off went to \$1,000,000.00 2) bonus depreciation now can be used for used items 3) There is a Qualified Business Income Deduction (QBID) for all Schedule C, E and Fs as well as all Partnerships and S-Corporations. C-corporations got a flat 21% tax rate. The QBID is 20% of the net income of the business. This is a subtraction from taxable income. This does not affect Self-Employment tax.
- **WORKER MISCLASSIFICATION:** The State is giving new emphasis to worker misclassification. Make sure you don't have someone on a 1099-NEC that should be getting a W-2.

MERRY CHRISTMAS AND A HAPPY HEALTHY NEW YEAR FROM ANDERSON ACCOUNTING

Please see reverse side for more information

PLEASE BRING THIS LETTER AND THE FOLLOWING TO
ENABLE US TO PREPARE YOUR BUSINESS TAX RETURN
MORE EFFICIENTLY

It is of most urgency that you bring in ALL your tax documents at one time. This saves us all time and decreases the chance of errors or omissions!

- Inventory if applicable. This is an actual physical inventory taken at year end.
- Depreciation policy needs to be returned before December 31st**
- Mileage documentation/log
- ALL 1099-NEC received
- Do you need help preparing 1099's to distribute? We can do these for you. Do NOT wait until you come in for your taxes. Deadline of getting info to us in a timely manner is January 20th.
 - Penalty for late filing **ANY** 1099 is \$50 per 1099 for the IRS and Wisconsin Dept of Revenue is \$10 per 1099
- Have a W-9 filled out for anyone you are paying **annually** over \$600 in services or goods before you pay them.
- Farmers you need to issue a 1099-NEC to all veterinarians regardless if they are a corporation or not.
- If you are a corporation, make sure your corporate minutes are maintained and up to date.
- Interest paid on loans along with **year end balances** and any new loans acquired in the year.
- Did you purchase any equipment in the tax year? If so, bring in all sales documents and/or receipts.
- Questions to ask at tax prep time.
- Preferred method of contact Email (please provide) _____
- Phone _____ Best time to contact you _____
- Text message _____