
TAX BLAST

NEWS FOR THE TAX PROFESSIONAL

JANUARY 2023

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Umberto's in New Hyde Park



Client Letters

Sample Client letter asking for tax information

Dear Client,

As the year winds down, the tax reporting forms begin to arrive, and we want to remind you which ones we need you to accumulate and send to us with your tax information. First, there is a new form, the 1099-K that many of you will receive this year for things like eBay or Facebook Marketplace sales, and sometimes for simple cash transfers using a cash between friends app such as Zelle.

If you receive a 1099-K this year please make sure to provide it to us, and be prepared for a phone call and some questions from us so that we can report it properly to minimize income tax or determine that tax does not apply.

We still need the annual information forms that are sent to you for tax purposes. As a reminder, here is a simple checklist:

- | | | |
|---|---|---|
| <input type="checkbox"/> W-2 for wages | <input type="checkbox"/> W-2G for gambling | <input type="checkbox"/> 1099-SA for HSA's |
| <input type="checkbox"/> 1099-R for retirement | <input type="checkbox"/> SSA-1099 Social Security | <input type="checkbox"/> 1099-INT for mortgages |
| <input type="checkbox"/> 1099-INT for interest | <input type="checkbox"/> 1099-DIV for dividends | <input type="checkbox"/> 1099-B Brokerage |
| <input type="checkbox"/> 1099-NEC for income | <input type="checkbox"/> 1099-Misc for income | <input type="checkbox"/> 1099-K for income |
| <input type="checkbox"/> 1098-T for tuition | <input type="checkbox"/> 1099-Q for 529 plans | <input type="checkbox"/> 1099-C cancelation of debt |
| <input type="checkbox"/> 1099-G for refunds & Unemployment | | |
| <input type="checkbox"/> 1099-S Sale of property | | |
| <input type="checkbox"/> K-1 forms from investments in S corporations or partnerships | | |
| <input type="checkbox"/> Form 5498 for IRA value | | |

- ___ IRA and Roth IRA contributions for 2022
 - ___ Childcare costs, and the name, address, amount and ID# of the recipients
 - ___ Charitable donations – total and recipients
 - ___ Property tax paid on your home, property or cars
 - ___ Estimated tax payments and dates
 - ___ Any letters you received from IRS or state tax authorities
 - ___ Our engagement letter
-

Advice for the Newly Married

. A taxpayer's marital status as of Dec. 31 determines their tax filing options for the entire year, but that is not all newlyweds need to know.

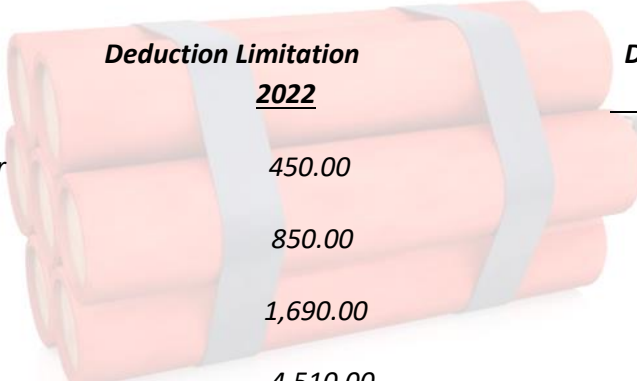
Checklist for the newly married couples:

1. **Name** - When a name **changes through marriage**, it's important to report that change to the Social Security Administration. The name on a person's tax return must match what is on file at the SSA. If it doesn't, it could delay any tax refund. To update information, taxpayers should file Form SS-5, Application for a Social Security Card. It is available on [SSA.gov](https://www.ssa.gov), by phone at [800-772-1213](tel:800-772-1213) or at a local SSA office.
2. **Address** - If marriage means a change of address, the IRS and U.S. Postal Service need to know. To do that, people should complete and send the IRS [Form 8822, Change of Address](#).

3

Long-Term Care Insurance and Services

Premiums an individual pays on a qualified long-term care insurance policy are deductible as a medical expense. The maximum deduction amount is determined by an individual's age. The following table sets forth the deductible limits for 2022 and the estimated deductible limits for 2023 (the limitations are per person, not per return):



Age	<i>Deduction Limitation</i> <u>2022</u>	<i>Deduction Limitation</i> <u>2023</u>
<i>40 and under</i>	<i>450.00</i>	<i>480.00</i>
<i>40 to 49</i>	<i>850.00</i>	<i>890.00</i>
<i>50 to 59</i>	<i>1,690.00</i>	<i>1,790.00</i>
<i>60 to 69</i>	<i>4,510.00</i>	<i>4,770.00</i>
<i>Over 70</i>	<i>5,640.00</i>	<i>5,960.00</i>

Foreign Income



The foreign earned income exclusion is \$112,000 in 2022 and increases to \$120,000 in 2023.

Gift Tax

For gifts made in 2022, the gift tax annual exclusion is \$16,000 and for 2023 is \$17,000. For 2022, the unified estate and gift tax exemption and generation-skipping transfer tax exemption is \$12,060,000 per person. For 2023, the unified estate and gift tax exemption and generation-skipping transfer tax exemption is \$12,920,000. All outright gifts to a spouse who is a U.S. citizen are free of federal gift tax.

IRC Section 127 educational assistance

Employers can reimburse employees tax-free for up to \$5,250 per year in student loan debt, through Dec. 31, 2025, if the employer sets up a broad-based IRC Section 127 educational assistance.

Year End Tax Bill

Child tax credit expansion-Is out!

The child tax credit, which saw a temporary revamp under the sweeping coronavirus relief package. The maximum credit amount was dramatically increased. The expansion also allowed those eligible to access half of the credit amount through monthly payments. Expected exasperated clients.

Cannabis banking bill-never passed

The Bill was intended to do away with the bank restrictions from with legal cannabis business. **The work around is to do business with a state-chartered bank.**

IRS issues standard mileage rates for 2023

IR-2022-234, December 29, 2022

Beginning on January 1, 2023, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 65.5 cents per mile driven for business use, up 3 cents from the midyear increase setting the rate for the second half of 2022.
- 22 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, consistent with the increased midyear rate set for the second half of 2022.
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2022.

These rates apply to electric and hybrid-electric automobiles, as well as gasoline and diesel-powered vehicles



Special Edition will be dedicated to New York State Department of Taxation and Finance.

Condolences

It is with great sadness that I am informing you of the passing of our esteemed colleague's wife William Rottkamp's wife Claire (Szucs) Rottkamp. May you find peace and love in the memories you cherish.



We will be having a webinar for the required WISP Plan and Verifyle Meeting. This meeting will satisfy your ethics requirements for the year.

Regards,

Leonard E. Mandel

Leonard E. Mandel
Acting President