

2023

Tax Tips e-Newsletter



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Be Prepared in 2023

By: [Pamela Chauvin Trahan](#)



Tax Tips e-Newsletter offers practical advice and money saving tax tips to help you minimize tax debt and be prepared for each new filing season.

Visit us online @ www.facts-5.com for more valuable resources to help you be prepared in 2023.

Happy New Year! We hope you are ready for a new year and all the possibilities 2023 will have to offer.

Tax Season is here, and we look forward to working with you again. The tax year 2022 brought much political attention to tax law changes, inflation, and environmental sustainability. Political compromise has led to smaller impacts on individual taxes this year. The Inflation Reduction Act of 2022 brought new tax incentives and 2022 marked several tax provisions expiring or soon expiring. We continue to monitor any potential extensions or changes in tax legislation closely.



The stimulus benefits that have been fattening income tax returns for the past few years are gone. Refund amounts are expected to fall this year due to the end of pandemic-related tax breaks. Many folks received advances on that credit; the remaining balance was part of their refund. The other big negative relates to the dependent care credit, which also drops back from \$8,000 for a family to \$2,100 for two or more kids. Also gone is the recovery rebate for stimulus payments. Many taxpayers who were eligible for pandemic stimulus payments, but didn't receive them when they came out, were receiving them in their tax refunds.

Still, I am always looking for the silver lining, so here's some good news for taxpayers who took losses in the 20% stock plunge last year. The IRS allows deductions against those losses that could lower your tax bill—up to \$3,000 per year. In addition, the 2022 business mileage rate changed effective July 1st increasing from 58.5¢ to 65.5¢ a mile. **Please be sure to split your business mileage for the 1st half of the year and the 2nd half of the year.**

But no matter how, when, or why the changes were made, they can hurt or help your bottom line — so you need to be ready for them.

To help you out, we pulled together a list of the most important tax law changes for 2022 and adjustments for 2023. Use this information now so you can hold on to more of your hard-earned cash next year when it's time to file your 2023 return.

Owe you a big one!

BIG "Thank You" to our amazing clients! We truly appreciate your business and we're grateful for your support. Thank you

for being a part of our family and trusting **FACTS-5**® for all your business needs. We look forward to serving you for many years to come!



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Let's take a look at a few things you can do now to be prepared for the upcoming tax season...

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Be Prepared in 2023**BE
PREPARED**

In 2023, a number of tax provisions are affected by inflation adjustments, including Health Savings Accounts, retirement contribution limits, and the foreign earned income exclusion. The tax rate structure, which ranges from 10 to 37 percent, remains similar

to 2022; however, the tax-bracket thresholds increase for each filing status. Standard deductions also rise, and as a reminder, personal exemptions have been eliminated through tax year 2025.

Standard Deduction. In 2023, the standard deduction increases to \$13,850 for individuals (up from \$12,950 in 2022) and to \$27,700 for married couples (up from \$25,900 in 2022).

Alternative Minimum Tax (AMT). In 2023, AMT exemption amounts increase to \$81,300 for individuals (up from \$75,900 in 2022) and \$126,500 for married couples filing jointly (up from \$118,100 in 2022). Also, the phaseout threshold increases to \$578,150 (\$1,156,300 for married filing jointly). Both the exemption and threshold amounts are indexed annually for inflation.

"Kiddie Tax". For taxable years beginning in 2023, the amount that can be used to reduce the net unearned income reported on the child's return that is subject to the "kiddie tax" is \$1,250. The same \$1,250 amount is used to determine whether a parent may elect to include a child's gross income in the parent's gross income and to calculate the "kiddie tax." For example, one of the requirements for the parental election is that a child's gross income for 2023 must be more than \$1,250 but less than \$12,500.

Health Savings Accounts (HSAs). Contributions to a Health Savings Account (HSA) are used to pay the account owner's current or future medical expenses, their spouse, and any qualified dependent. Medical expenses must not be reimbursable by insurance or other sources and do not qualify for the medical expense deduction on a federal tax return.

A qualified individual must be covered by a High Deductible Health Plan (HDHP) and not be covered by other health insurance with the exception of insurance for accidents, disability, dental care, vision care, or long-term care.

For calendar year 2023, a qualifying HDHP must have a deductible of at least \$1,500 for self-only coverage or \$3,000 for family coverage and must limit annual out-of-pocket expenses of the beneficiary to \$7,500 for self-only coverage and \$15,000 for family coverage.

Medical Savings Accounts (MSAs). There are two types of Medical Savings Accounts (MSAs): The Archer MSA created to help self-employed individuals and employees of certain small employers, and the Medicare Advantage MSA, which is also an Archer MSA, and is designated by Medicare to be used solely to pay the qualified medical expenses of the account holder. To be eligible for a Medicare Advantage MSA, you must be enrolled in Medicare. Both MSAs require that you are enrolled in a high-deductible health plan (HDHP).

Self-only coverage. For taxable years beginning in 2023, the term "high deductible health plan" for self-only coverage means a health plan that has an annual deductible that is not less than \$2,650 and not more than \$3,950, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$5,300.

Family coverage. For taxable years beginning in 2023, the term "high deductible health plan" means, for family coverage, a health plan that has an annual deductible that is not less than \$5,300 and not more than \$7,900, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$9,650.

AGI Limit for Deductible Medical Expenses. In 2023, the deduction threshold for deductible medical expenses is 7.5 percent of adjusted gross income (AGI), made permanent by the Consolidated Appropriations Act, 2022.

Eligible Long-Term Care Premiums. Premiums for long-term care are treated the same as health care premiums and are deductible on your taxes subject to certain limitations. For individuals age 40 or younger at the end of 2023, the limitation is \$480. Persons more than 40 but not more than 50 can deduct \$890. Those more than 50 but not more than 60 can deduct \$1,790, while individuals more than 60 but not more than 70 can deduct \$4,770. The maximum deduction is \$5,960 and applies to anyone more than 70 years of age.

Medicare Taxes. The additional 0.9 percent Medicare tax on wages above \$200,000 for individuals (\$250,000 married filing jointly) remains in effect for 2023, as does the Medicare tax of 3.8 percent on investment (unearned) income for single taxpayers with modified adjusted gross income (AGI) more than \$200,000 (\$250,000 joint filers). Investment income includes dividends, interest, rents, royalties, gains from the disposition of property, and certain passive activity income. Estates, trusts, and self-employed individuals are all liable for the tax.

Foreign Earned Income Exclusion. For 2023, the foreign earned income exclusion amount is \$120,000 up from \$112,000 in 2022.

Long-Term Capital Gains and Dividends. In 2023, tax rates on capital gains and dividends remain the same as 2022 rates (0%, 15%, and a top rate of 20%); however, threshold amounts have increased: the maximum zero percent rate amounts are \$44,625 for individuals and \$89,250 for married filing jointly. For an individual taxpayer whose income is at or above \$492,300 (\$553,850 married filing jointly), the rate for both capital gains and dividends is capped at 20 percent. All other taxpayers fall into the 15 percent rate amount (i.e., above \$44,625 and below \$492,300 for single filers).

Estate and Gift Taxes. For an estate of any decedent during calendar year 2023, the basic exclusion amount is \$12.92 million, indexed for inflation (up from \$12.06 million in 2022). The maximum tax rate remains at 40 percent. The annual exclusion for gifts increases to \$17,000.



Required Minimum Distributions (RMDs) Increase to Age 73

For individuals who reach age 72 after December 31, 2022, and age 73 before January 1, 2033, the applicable age for starting RMDs is 73. For individuals who attain age 74 after December 31, 2032, the applicable age is 75. The new rules apply to distributions required to be made after December 31, 2022, for individuals who attain age 72 after such date.

To summarize: Taxpayers born between 1951 and 1959 will begin RMDs at age 73. Those born in 1960 or later will begin taking RMDs at age 75.



New Rules for Roth 401ks

Effective January 1, 2023, employers can let employees choose between having a company match in a Roth 401k or a regular 401k. Under current law, employer matching contributions must go into a regular 401k even if taxpayers put money in their Roth 401k.

Elimination of RMDs for Roth 401ks. Starting in 2024, RMDs are eliminated for Roth accounts in qualified employer plans. While Roth IRAs are not subject to RMDs, Roth 401ks are subject to RMD rules, i.e., distributions must be taken at age 72 (although they are tax-free).

Catch-up Contributions for Higher Earners. Starting in 2024, catch-up contributions for workers aged 50 and up who earn more than \$145,000 must be put into a Roth retirement account rather than a traditional pretax retirement account such as a 401k. The \$145,000 threshold amount will be indexed for inflation starting in 2025 and rounded down to the lowest multiple of \$5,000. Distributions will generally be excluded from income.

Special Rules for 529 rollovers. Starting in 2024, 529 college savings plans maintained for at least 15 years can be rolled over to a Roth IRA. Any contributions (and earnings on those contributions) to the 529 plan made within the last 5 years are not eligible. The rollover must be trustee to trustee, and there is a \$35,000 lifetime limit per account beneficiary. Rollovers are subject to Roth IRA annual contribution limits.

WHY DID THE IRS AUDIT A CHIROPRACTOR?

BECAUSE HE OWED BACK TAXES.



Standard Mileage Rates for 2023

Beginning on January 1, 2023, the standard mileage rates for the use of a car (also vans, pickups, or panel trucks) will be as follows. These rates apply to electric and hybrid-electric automobiles and gasoline and diesel-powered vehicles.

- 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.

Impact of the Tax Cuts and Jobs Act. Taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses unless they are members of the Armed Forces on active duty moving under orders to a permanent change of station. Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates. Taxpayers can use the standard mileage rate but generally must opt to use it in the first year the car is available for business use. Then, in later years, they can choose either the standard mileage rate or actual expenses.

Leased vehicles. Leased vehicles must use the standard mileage rate method for the entire lease period (including renewals) if the standard mileage rate is chosen.

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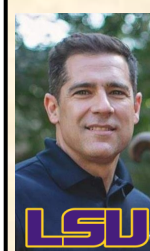
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**Individuals—Education****American Opportunity Tax Credit and Lifetime Learning Credit**

The maximum credit is \$2,500 per student for the American Opportunity Tax Credit. The Lifetime Learning Credit remains at \$2,000 per return. Both credits phase out for taxpayers with modified adjusted gross income between \$80,000 and \$90,000 (between \$160,000 and \$180,000 for joint filers). To claim the full credit for either, your modified adjusted gross income (MAGI) must be \$80,000 or less (\$160,000 or less for married filing jointly).

Benefits of Digital Tax Preparation

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NOTE: While the phase-out limits for Lifetime Learning Credit increased, taxpayers should note that the qualified tuition and expenses deduction was repealed starting in 2022.

Interest on Educational Loans

In 2023, the maximum deduction for interest paid on student loans is \$2,500. The deduction begins to be phased out for higher-income taxpayers with modified adjusted gross income of more than \$75,000 (\$150,500 for joint filers) and is completely eliminated for taxpayers with modified adjusted gross income of \$90,000 (\$185,000 joint filers).

**Individuals—Retirement****Contribution Limits**

The elective deferral (contribution) limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan increases to \$22,500. Contribution limits for SIMPLE plans also increase to \$15,500. The maximum compensation used to determine contributions increases to \$330,000 (up from \$305,000 in 2022).

Income Phase-out Ranges

The deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by an employer-sponsored retirement plan and have modified AGI between \$73,000 and \$83,000.

For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by an employer-sponsored retirement plan, the phase-out range increases to \$116,000 and \$136,000. For an IRA contributor who is not covered by an employer-sponsored retirement plan and is married to someone who is covered, the deduction is phased out if the couple's modified AGI is between \$218,000 and \$228,000.

The modified AGI phase-out range for taxpayers making contributions to a Roth IRA is \$138,000 and \$153,000 for singles and heads of household, up from \$129,000 to \$144,000. For married couples filing jointly, the income phase-out range is \$218,000 and \$228,000, up from \$204,000 to \$214,000. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

Saver's Credit

In 2023, the AGI limit for the Saver's Credit (also known as the Retirement Savings Contribution Credit) for low and moderate-income workers is \$73,000 for married couples filing jointly, up from \$68,000 in 2022; \$54,700 for heads of household, up from \$51,000 in 2022; and \$36,500 for singles and married individuals filing separately, up from \$34,000 in 2022.

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Zoom tax conferences remain popular! We will continue to offer Zoom tax preparation services due to its many wonderful benefits! We encourage you to continue utilizing this convenient and time saving technology. **Be sure to have Zoom installed on your device prior to your appointment.** You should receive a Zoom LINK from us in advance of your appointment.



IMPORTANT

You **MUST** get your tax documents to **FACTS-5** a minimum of **2-weeks** prior to your scheduled appointment.

This will allow us time to make any necessary scheduling adjustments, insuring your tax return is prepared before April 18th.

For your convenience, we offer several very simple ways for you to **get your important tax documents to us:**

⇒ You can scan or take pictures of all your important tax documents, with your smart device. Use our secure ShareFile Client Portal to upload your imaged documents, just as you did last year! or you can Email: todd@facts-5.com to request a new **UPLOAD LINK**. This link will allow secure private access to our online Client Portal. Here you can view prior year tax returns and other important documents we have on record for you. Uploading documents to the portal is easy, secure and fast!



⇒ You can use our convenient drop box located at the front of our office building located at 118 LeBlanc Street, Abbeville - 24hrs/day 7days/week!

⇒ You can FAX your documents to 337-898-2787, or

⇒ USPS MAIL to: PO Box 698, Abbeville, LA 70511-0698

Payment for **FACTS-5** services are due when your tax return is completed. We accept cash, check, and all major credit cards (AMEX excluded).

We can also offer you the "*no money out of pocket*" option known as an RT; Ask about our Refund Transfer option.

NOTE:

We **MUST** have a signed **E-File Authorization Form** and payment before we can E-File your tax return.



IMPORTANT

Consent Forms Packet

Attached to this newsletter are important documents which require your signature.

Please complete these forms and return them to our office a minimum of **2-weeks** in advance of your scheduled appointment.

Digital/Fillable forms are available via our [website](http://www.facts-5.com) or by email request to: todd@facts-5.com.



Digital Consent Forms Packet available for download
@ www.facts-5.com/downloads

DISCLAIMER: We may have to reschedule your appointment if your tax documents are not received timely.

We use Facebook to share important news, updates, and other important information throughout the tax year. Be sure to visit and **LIKE** our page to stay informed.



IRS Form 1099-K
DELAYED



Department of the Treasury
Internal Revenue Service

**IRS Delays
\$600
threshold
for Forms
1099-K**



Reporting of \$600 Third-Party Payments—**DELAYED**

Due to concerns regarding the implementation timeline, reporting thresholds for third-party settlement organizations that were set to take effect on January

*As such, third-party settlement organizations **will not** be required to report the tax year 2022 transactions on a Form 1099-K to the IRS or the payee for the lower \$600 threshold. amount enacted as part of the American Rescue Plan of 2021.*

Background

The American Rescue Plan of 2021 changed the reporting threshold for TPSOs. The new threshold for business transactions is \$600 per year, a change from the previous threshold of more than 200 transactions per year, exceeding an aggregate amount of \$20,000. Under the law, beginning January 1, 2023, a TPSO is required to report third-party network transactions paid in 2022 with any participating payee that exceed a minimum threshold of \$600 in aggregate payments, regardless of the number of transactions. TPSOs report these transactions by providing individual payee's an IRS Form 1099-K, *Payment Card, and Third-Party Network Transactions*.



Transition Period

The transition period delays the reporting of transactions in excess of \$600 to transactions that occur after the calendar year 2022. It is intended to facilitate an orderly transition for TPSO tax compliance and individual payee compliance with income tax reporting. A participating payee, in the case of a third-party network transaction, is any person who accepts payment from a third-party settlement organization for a business transaction.

Taxpayers who may have already received a 1099-K as a result of the statutory changes should know that the IRS is working rapidly to provide instructions and clarity so that taxpayers understand what to do. Additional details on the delay will be available in the near future, along with additional information to help taxpayers and the industry; however, don't hesitate to call the office with any immediate concerns or questions.

Instead, the calendar year 2022 will be a transition period for implementing the lowered threshold reporting for third-party settlement organizations (TPSOs), including Venmo, PayPal, and CashApp, that would have generated Form 1099-Ks for taxpayers. The additional time will help reduce confusion during the upcoming 2023 tax filing season and provide more time for taxpayers to prepare and understand the new reporting requirements. This change under the law is important because tax compliance is higher when amounts are subject to information reporting, like Form 1099-K.

Taxpayers should note, however, that the existing 1099-K reporting threshold of \$20,000 in payments from over 200 transactions remains in effect. Taxpayers should also know that the law is not intended to track personal transactions such as sharing the cost of a car ride or meal, birthday, or holiday gifts, or paying a family member or another for a household bill.

**USE CAUTION
when paying
or receiving
payments
using cash
payment apps**

2022-2023 Federal Tax Bracket Comparison Chart



Here are the 2023 Federal tax brackets. Remember, these aren't the amounts you file for your tax return, but rather the amount of tax you're going to pay starting January 1, 2023 to December 31, 2023. These brackets significantly increased for 2023 due to rising inflation.

RATE	2022		2023	
	SINGLE FILER	MARRIED FILING JOINTLY	SINGLE FILER	MARRIED FILING JOINTLY
37%	>\$539,900	>\$647,850	>\$578,125	>\$693,750
35%	>\$215,950	>\$431,900	>\$231,500	>\$462,500
32%	>\$170,050	>\$340,100	>\$182,100	>\$364,200
24%	>\$89,075	>\$178,150	>\$95,375	>\$190,750
22%	>\$41,775	>\$83,550	>\$44,725	>\$89,450
12%	>\$10,275	>\$20,550	>\$11,000	>\$22,000
10%	≤\$10,275	≤\$20,550	≤\$11,000	≤\$22,000

2022 Earned Income Tax Credit Income Limits



Number of Dependents	Maximum Adjusted Gross Income <i>For single, head of household, or widowed filers</i>	Maximum Adjusted Gross Income <i>For married filing jointly filers</i>	Maximum Credit Amount
0	\$16,480	\$22,610	\$560
1	\$43,492	\$49,622	\$3,733
2	\$49,399	\$55,529	\$6,164
3+	\$53,057	\$59,187	\$6,935



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JAN 29 - FEB 4	FEB 24	MAR 3
FEB 5 - FEB 11	MAR 3	MAR 10
FEB 12 - FEB 18	MAR 10	MAR 17
FEB 19 - FEB 25	MAR 17	MAR 24
FEB 26 - MAR 4	MAR 24	MAR 31
MAR 5 - MAR 11	MAR 31	APR 7
MAR 12 - MAR 18	APR 7	APR 14
MAR 19 - MAR 25	APR 14	APR 21
MAR 26 - APR 1	APR 21	APR 28
APR 2 - APR 8	APR 28	MAY 5
APR 9 - APR 15	MAY 5	MAY 12
APR 16 - APR 22	MAY 12	MAY 19
APR 23 - APR 29	MAY 19	MAY 26
APR 30 - MAY 6	MAY 26	JUN 2
MAY 7 - MAY 13	JUN 2	JUN 9
MAY 14 - MAY 20	JUN 9	JUN 16
MAY 21 - MAY 27	JUN 16	JUN 23
MAY 28 - JUN 3	JUN 23	JUN 30
JUN 4 - JUN 10	JUN 30	JUL 7
JUN 11 - JUN 17	JUL 7	JUL 14
JUN 18 - JUN 24	JUL 14	JUL 21
JUN 25 - JUL 1	JUL 21	JUL 28
JUL 2 - JUL 8	JUL 28	AUG 4
JUL 9 - JUL 15	AUG 4	AUG 11
JUL 16 - JUL 22	AUG 11	AUG 18
JUL 23 - JUL 29	AUG 18	AUG 25
JUL 30 - AUG 5	AUG 25	SEP 1

Adoption Credit

In 2023, a nonrefundable (only those individuals with tax liability will benefit) credit of up to \$15,950 is available for qualified adoption expenses for each eligible child.

Earned Income Tax Credit

For tax year 2023, the maximum Earned Income Tax Credit (EITC) for low, and moderate-income workers and working families increases to \$7,430 (up from \$6,935 in 2022). The credit varies by family size, filing status, and other factors, with the maximum credit going to joint filers with three or more qualifying children.

Child Tax Credit

For 2023, the child tax credit is \$2,000 per child, age 16 or younger. The refundable portion of the credit increases to \$1,600 in 2023, so that even if taxpayers do not owe any tax, they can still claim the credit. A \$500 nonrefundable credit is also available for dependents who do not qualify for the Child Tax Credit (e.g. dependents age 17 and older).

Child and Dependent Care Tax Credit

If you pay someone to take care of your dependent (defined as being under the age of 13 at the end of the tax year or incapable of self-care) to work or look for work, you may qualify for a credit of up to \$1,050 or 35 percent of \$3,000 of eligible expenses in 2023. For two or more qualifying dependents, you can claim up to 35 percent of \$6,000 (or \$2,100) of eligible expenses. For higher-income earners (AGI of \$43,000 or more), the credit percentage is reduced, but not below 20 percent, regardless of the amount of adjusted gross income. This tax credit is nonrefundable.

Clean Vehicle Tax Credit

The Inflation Reduction Act makes several additional changes to the electric vehicle tax credit that will take effect starting January 1, 2023. Vehicles eligible for the Clean Vehicle Tax Credit now include both EVs (electric vehicles) and FCEVs (fuel cell electric vehicles) but must meet two requirements to be eligible for the tax credit. The critical minerals component refers to sourcing requirements for critical mineral extraction, processing, and recycling. The battery components requirement refers to vehicles that include a traction battery that has at least seven kilowatt-hours (kWh).

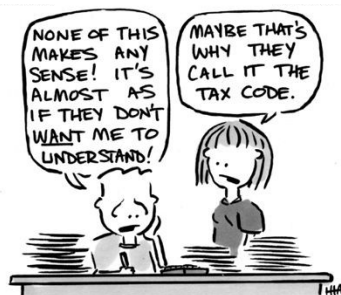
Vehicles that meet critical mineral requirements are eligible for \$3,750 tax credit, and vehicles that meet battery component requirements are eligible for a \$3,750 tax credit. Vehicles meeting both requirements are eligible for a nonrefundable tax credit of up to \$7,500; however, there are additional requirements regarding manufacturer suggested retail price (MSRP) thresholds for modified adjusted gross income (MAGI).

Use Direct Deposit for Faster Refunds



The fastest way to get a tax refund is by filing electronically and choosing direct deposit. Direct deposit is quicker than waiting for a paper check in the mail. It also avoids the possibility that a refund check could be lost, stolen, or returned to the IRS as undeliverable.

Prepaid debit cards or mobile apps may allow direct deposit of tax refunds. They must have routing and account numbers that can be entered on a tax return. Taxpayers can check with the mobile app provider or financial institution to confirm which numbers to use.





Gathering 2022 Tax Documents

Organize tax records to make preparing a complete and accurate tax return, easier. This helps to avoid errors that lead to processing delays, which slows the receipt of refunds. Having all of your needed documents on hand before you complete your return helps to insure it's accuracy and timeliness.

Important tax records needed to file a tax return:

- Forms W-2 from employers
- Forms 1099 from banks, issuing agencies, and other payers, including unemployment compensation, dividends, distributions from a pension, annuity, or retirement plans
- Form 1099-K, 1099-MISC, or other income statements for workers
- Form 1099-INT, Int Dividends, 1099B for investment income
- ALL other income documents including records of virtual currency transactions.

NOTE: You should keep copies of tax returns and all supporting documents for at least (3) three years.

Disclaimer: Failure to report Crypto could result in criminal charges or severe civil (non-criminal) penalties.

The best way to prepare for tax filing is to gather important tax documents-either electronic or paper- and keep them in one place. These documents include but are not limited to: Forms W-2 from employers, Forms 1099 from banks or other payers, Form 1099-K from third-party payment networks, Form 1099-NEC for nonemployee compensation, Form 1099-MISC for miscellaneous income, or Form 1099-INT if you were paid interest, as well as records documenting all digital asset transactions.

Typically, year-end forms arrive by mail or are available online mid-to-late January. Taxpayers should carefully review each income statement for accuracy and contact the issuer to correct information that needs to be updated.

Ensuring their tax records are complete before filing helps taxpayers avoid errors that lead to processing delays. When they have all their documentation, taxpayers can file an accurate return and avoid processing or refund delays or IRS letters.

IMPORTANT



STRONG RECOMMENDATION:

Get IRS Account Information Online



Where's My Refund?

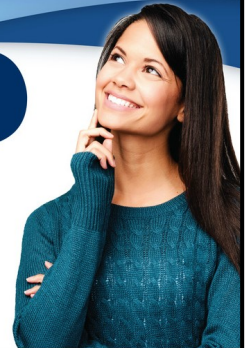
Individuals who have not set up an IRS Online Account should do so ASAP. For those of you who have already set up an account, you should make sure you can still log in successfully. You can use the account to quickly and securely access the latest available information on record with the I.R.S. about your federal tax account.

Are you getting a tax refund?

PAY NOTHING TODAY!

with a **REFUND TRANSFER[®]**

- FAST**
- CONVENIENT**
- SECURE**



By selecting a **Refund Transfer**, you pay no out-of-pocket expense to have your return prepared. **Tax preparation fees are deducted directly from your tax refund.** You can also pick up your check from our office without worrying about it being lost or stolen in the mail. Whether you receive a check in our office or direct deposit to your bank account, you receive your money upon IRS funding.

Our goal is to provide you with affordable products that meet your needs while helping you receive your money quickly and conveniently.

Please note that you can file your return electronically or by paper and obtain your refund **directly** from the IRS **for free.** If you file your tax return electronically, you can receive a refund check directly from the IRS in as little as 21 to 28 days from the time you file your tax return or the IRS can deposit your refund directly into your bank account in as little as 8 to 15 days from the time you file your tax return. If you file a paper return, your refund will take 5 to 7 weeks to receive it.

www.irs.gov

REGISTER NOW!



**LOUISIANA**
DEPARTMENT of REVENUE**New Year Brings New Laws To Louisiana**

Act 395 limits tax deductible items to medical expenses when in excess of the federal income tax standard deduction, which is \$12,550 for single filers and \$25,100 for married couples filing jointly.

Louisiana taxpayers previously could apply all deductible expenses – not just medical expenses – against their state income tax liability when it exceeded the federal standard deduction amount.

Act 395 also allows for the state’s income tax rates to drop in the future if tax collections are higher than expected. The complicated process involves comparing future tax collections with those from fiscal year 2018-19 and applying a growth factor.

“The rate of each tax bracket would decrease proportionally according to a growth factor formula,” according to the Public Affairs Research Council, a nonpartisan research organization based in Baton Rouge.

Act 396 changes the state’s corporate income tax structure to essentially mirror what Act 395 does for individual income taxes. Specifically, it removes the federal income tax deduction and reduces corporate tax rates by 0.5% across all brackets.



Corporate tax rates will be 3.5% for the first \$50,000 of taxable income, 5.5% for income between \$50,000 and \$100,000 and 7% for income in excess of \$150,000.

The third corresponding statute, **Act 389**, applies to the state’s franchise tax, which is levied against earnings and investment capital rather than income. Act 389 eliminates any franchise tax on capital below \$300,000 and reduces the rate to 2.75% on capital above \$300,000.



Here are some tips if you get a letter from the IRS:

**OUCH! A letter from the IRS**

If you receive a notice from the IRS, **do not automatically assume it is correct** and submit payment, hoping it goes away! Nor should you just ignore it!

Department of the Treasury
Internal Revenue Service**IRS AUDIT NOTIFICATIONS
INTENT TO LEVY WAGES
CERTIFIED WARNING LETTERS
PAST DUE NOTICES
TAX DEBT DUE IMMEDIATELY**

- ◇ **Stay calm.** Remember, the IRS sends out millions of notices each year. The vast majority of them correct simple oversights or common filing errors.
- ◇ **Open the envelope.** Try to remember that the first step in making the problem go away is to open the correspondence.
- ◇ **Review the letter.** Understand exactly what the IRS is telling you needs to be changed and determine whether or not you agree with their findings.
- ◇ **Respond timely.** The IRS will tell you what it believes you should do and within what time-frame. Ignore this information at your own risk.
- ◇ **Get help.** Contact our office for assistance @ 337-893-6798.
- ◇ **Correct the IRS error.** Once the problem is understood, a clearly written response with copies of documentation will cure most of these IRS correspondence errors.
- ◇ **Certified mail is your friend.** Any responses to the IRS should be sent via certified mail or other means that clearly show you replied to their inquiry in a timely fashion.
- ◇ **Don't assume it will go away.** Until a definitive confirmation that the problem has been resolved is received, assume the IRS still thinks you owe the money. If no correspondence confirming the correction is acknowledged by the IRS, a written follow-up may be required.



citrix

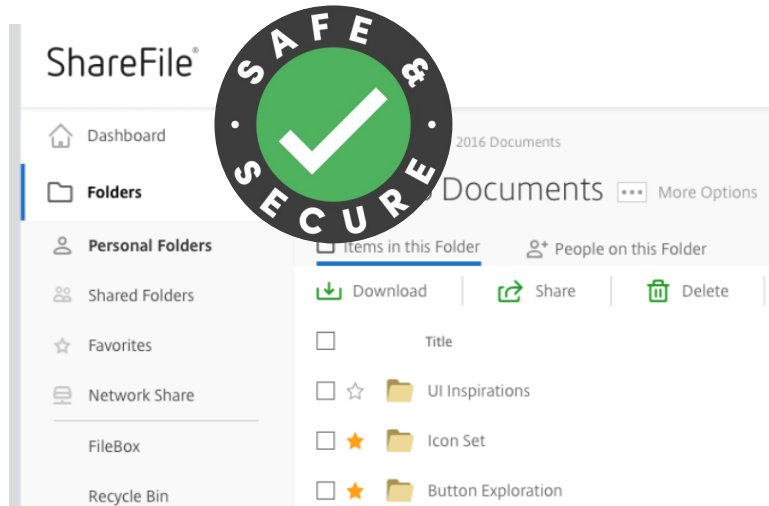
ShareFile

Client Portal

- **Easily share and send large files of any format.** W-2's, 1099's, Statements, Forms, IDs, and any/all other tax related documentation needed to complete your tax return.
- **Save and backup all your tax files with unlimited cloud storage.** There is no limit to the number or size of files you upload to your ShareFile Client Folder. You can take pictures of your documents with your cell phone and easily use your portal link to upload your documents to us! Contact todd@facts-5.com if you need assistance with obtaining your customized UPLOAD LINK to your ShareFile Client Portal folders. Bookmark this link as a storage location for all your important tax records! Your records will always be available to access from ANY location, on any device, with proper access credentials provided.
- **Easy to use and reliable.** Once you have your Portal Link, simply click and follow the online instructions. It's easy!
- **Trust your files, emails and attachments are always safe with bank-level encryption.** Citrix has been well-recognized and established as a leader in online data security. FACTS-5 invests heavily in our Citrix ShareFile platform to ensure and provide confidence to our clients, that we have their privacy and peace of mind in knowing that their data is well-protected and secure, 100% of the time! Our commitment to data security remains paramount and Citrix is truly outstanding.

Clients continue to utilize their Citrix ShareFile Client Portal with confidence! ShareFile is an excellent tool to help provide secure document sharing directly with **FACTS-5**.

With your customized Client Portal Link, you will be able to easily upload and/or download your tax documents and records from one convenient and secure location 24/7.

**CITRIX**
RightSignature

E-signature

RightSignature makes it simple for clients to quickly sign documents and agreements utilizing a secure online service. Completed forms can be signed without having to print and scan and return. Save a trip to the office and ask for the e-signature option when completing your tax documents.

Do you truly need a printed copy of your tax return?

Printed tax returns are quickly becoming a thing of the past. In an effort to reduce waste and associated cost in preparing a tax return, we ask a client if they want a print copy or ShareFile copy of their current year tax record. Clients who utilize the ShareFile Client Portal find it easy to access and always available when they need to retrieve their records 24/7. This saves a ton of printing that is unnecessary in today's world.

FACTS-5 is happy to provide a printed copy of your tax return at any time, upon request. We continue to encourage all of our clients to continue or begin using the Citrix ShareFile service as your new filing system for all your tax records. **Help us do our part in protecting our environment and reduce waste.** Our office is open year round for access to printed versions of your return at no charge when needed.





2022 Tax Year CONSENT FORMS PACKET

Document Checklist

IMPORTANT: The attached ***FACTS-5*** consent forms are required prior to filing your annual tax return with the IRS. Please insure that you submit these forms in advance of your scheduled tax preparation appointment.

The following documents are required to complete your ***FACTS-5*** prepared tax return:

Client Information Worksheet

1040 - Individual Tax Return Engagement Letter

Consent For Use of Form 1040 Information

FACTS-5 Privacy Notice Disclosure

Return signed attached originals to:

FACTS-5

118 LeBlanc Street, Abbeville, Louisiana 70510

Or Mail to: P.O. Box 698, Abbeville, LA 70511-0698

Or Email to: paige@facts-5.com

Tax Year 2022 - Client Info Worksheet

FOR OFFICE USE ONLY

- Client folder pulled Verified prior year fees PAID
 Prepare as drop off Check if client has an appointment

Appointment DATE & TIME: _____

Today's Date: _____

Tax Preparer: _____

My Name: _____

SSN

DOB

Occupation

Spouse Name: _____

SSN

DOB

Occupation

My Physical Address: _____

(No post office box here)

City: _____

State: _____

Zip: _____

Home Phone: _____

Work Phone: _____

(If different)

My Mailing Address: _____

City: _____

State: _____

Zip: _____

Your Cell Phone: _____

Spouse Cell: _____

Your Email Address: _____

Check ALL that apply as of 12/31/2021:

I am SINGLE

I am LEGALLY Married as of 12/31/2022

Never Married

If separated: Date Separated _____
 I have NOT lived with my spouse for the last 6 months of 2022 (July 1, 2022 thru 12/31/2022)

Legally Divorced

I have a common law (if so, which state _____)

I am a United States citizen

I have cared for a dependent for over half the year and paid more than half the cost of maintaining a home for that dependent.

Tax Year 2022 Dependent Information

	First Name	Middle Initial	Last Name	Suffix Jr, Sr, III	Social Security #	Date of Birth	# Months Lived WITH YOU	Relationship
1								
2								
3								
4								
5								
6								

Please indicate preference for your tax appointment:

Virtual Internet Live Appointment (Zoom)

Telephone Appointment

Drop Off - No Appointment Needed

Office Visit with Appointment

Taxpayer's Signature

I certify that all information on this sheet was completed by me and is correct.



FACTS-5

1040 - Individual Tax Return Engagement Letter



Dear Valued Client

Thank you for selecting **FACTS-5** to assist you with your tax affairs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare your 2022 Federal and all State Income Tax Returns you request using information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. Upon your request, we will provide an "Organizer" which may help you gather the information required for a complete return. If you use the Organizer, it will help you avoid overlooking important information and contribute to efficient preparation of your returns. This helps keep the cost of our services as low as possible.

It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions for a period of 5 years. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the accuracy of your returns, therefore you should review them carefully before signing.

Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We must use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In order to avoid penalties, we will apply the "more likely than not" reliance standard to resolve such issues. You agree to honor our decisions regarding the need to make protective disclosures in your returns.

Penalties of as much as \$100,000 can be imposed on you for failing to disclose participation in "reportable transactions," that is, certain arrangements the IRS has identified as potentially abusive. We will insist that all such transactions be properly disclosed to us for further disclosure to the IRS.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.

Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable prior to electronic filing of your return or presentation to you for mailing. To the extent permitted by state law, a \$40 fee will be charged for any NSF check return to us by your bank.

We will retain electronic copies of records you supply to us along with our work papers for your engagement for a period of five years. After five years our electronic records will be destroyed. All of your original records will be returned to you with a copy of your return(s). You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided. We appreciate your confidence in us. Please call if you have questions.

Sincerely,

Visit us at www.facts-5.com

FACTS-5 

PAMELA C. TRAHAN, PRESIDENT
AZCO, INC. (d/b/a **FACTS-5**)

(Both husband and wife must sign for preparation of joint returns)



Taxpayer Signature:	Spouse Signature:	Date Signed:
Taxpayer Printed Name:	Spouse Printed Name:	
Taxpayer SSN:	Spouse SSN:	



FACTS-5

Consent for Use of Form 1040 Information

Federal law requires that this consent form be provided to you. Unless authorized by law, we cannot use, without your consent, your tax return information for purposes other than the preparation and filing of your tax return.

You are not required to complete this form. If we obtain your signature on this form by conditioning our services on your consent, your consent will not be valid. Your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year.

(Check one)

Duration of Consent:

One Year from this date

Other _____

I, _____, authorize **FACTS-5** to use any and all information having to do with my 2022 Tax Return for the purpose of:

- Investment advice to be given.
- Estate planning advice to be rendered.
- Electronic Filing of my 2022 Tax Return to a 3rd Party, Intuit, Inc. d/b/a ProSeries.
- Retirement planning advice.
- Social Security planning.
- Calling me to make an appointment or remind me of an appointment.
- Sending newsletters, birthday cards, etc.
- Text message me with tax alerts or information regarding my tax return.
- Acquisition and disposal information of stock, bonds and other assets with my financial advisor.
- General current and future tax advice.

(Cross through any not authorized)

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration by telephone at 1-800-366-4484, or by email at complaints@tigta.treas.gov.

Taxpayer Signature: _____

Date: ____/____/____

Visit us at www.facts-5.com

Spouse Signature: _____

Date: ____/____/____

(Both husband and wife must sign for preparation of joint returns)



Please make a copy of this signed form and return the original to our office at:

FACTS-5, 118 LeBlanc Street, Abbeville, Louisiana 70510

Or mail to: P.O. Box 698, Abbeville, LA 70511-0698

Or scan and email this document to: paige@facts-5.com



118 LeBlanc Street
P.O. Box 698
Abbeville, LA 70511-0698
Voice: 337-893-6798
FAX: 337-898-2787
pam@facts-5.com

Privacy Notice

Compliance with the Gramm-Leach-Bliley Act Public Law 106-102 (FTC 16 CFR Part 313)

To meet the requirements of the Gramm-Leach-Bliley Act of 1999, please be aware of the privacy policy of this firm.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications, tax preparation organizers, worksheets, and other documents we use in tax preparation or providing financial services, or other forms;
- Information about your transactions with us, our affiliates, or others; and
- Information we receive from a consumer reporting agency.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law or approved by you in writing (e.g. requirements to comply with federal, state or local law; requirements to comply with national, state or local licensing rules; requirements to disclose information in response to legal subpoenas; items you permit or request us to disclose, as authorized by you in writing; your electronically filed tax return(s), when applicable; information that you authorize us to disclose that discloses that you are our client, without disclosure of financial or other personal information).

We restrict access to nonpublic personal information about you to members of our firm who need to know that information to provide services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information. We retain records relating to the professional services that we provide you in accordance with accounting and government standards.

Your confidence and trust are important to us. If you have any questions or concerns regarding the privacy of your nonpublic personal information, please contact our firm at 337-893-6798.

Taxpayer Signature: _____

Date: ____/____/____

For a jointly filed tax return, BOTH taxpayers' signatures are required.

Spouse Signature: _____

Date: ____/____/____

Visit us at www.facts-5.com





Pamela Chauvin Trahan
 Pam is the 3rd generation owner of **FACTS-5**. As the Senior Accountant with over 33 years of experience, she specializes in individual, small business, farm, and corporate tax return preparation.
 Email: pam@facts-5.com



Jaimmie L. Adams
 Jaimmie is a seasoned tax preparer who has been with **FACTS-5** for over 17 years. She specializes in individual tax return preparation.
 Email: jaimmie@facts-5.com



Shawn Etie'
 Shawn owns and operates our **FACTS-5** Computer Center. His expertise in computers has made us Vermilion Parish's largest computer sales and service company.
 Email: shawn@facts-5.com



Cynthia Cottrell
 Cynthia is a data entry and tax preparation specialists. She continues to invest in professional development to help support all our clients' needs.
 Email: c.cottrell@facts-5.com



Paige Abshire
 Paige is our lead Accountant and Office Manager. She is a 2017 UL graduate in business administration and is in her 5th tax filing season.
 Email: paige@facts-5.com



Morgan L. Trahan
 Morgan rejoins our team in 2023 as an experienced tax return processor. Her experience will prove invaluable at helping to insure documentation flows smoothly this tax season.
 Email: morgan@facts-5.com



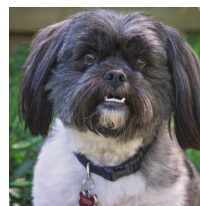
Roxie Gagne
 Roxie is entering 7th year as our receptionist. Roxie thrives on making your tax preparation a pleasant experience.
 Email: roxie.g@facts-5.com



Mallory Trahan
 Mallory works in our data entry department. Mallory juggles her college studies with work to be available to support our team and clients.
 Email: mallory@facts-5.com



Todd K. Chauvin
 Todd returns to continue supporting the technology needs of our clients. ShareFile Management and Client Support will remain his primary responsibilities during tax season.
 Email: todd@facts-5.com



Teddy "BossMan" Trahan
 BossMan returns again this season! REMEMBER: Don't say "cheese" when Teddy is around!



Bayou Chauvin
 Bayou is a belly rub & treat loving 4 year old miniature Dachshund! Bayou returns this tax season to protect all the doors in the office while sharing lots of love with all who visit.

 **Schedule an Appointment**

Call Today...
337-893-6798
 Online: @ www.facts-5.com

FACTS-5[®]



Tax Tip\$ Newsletter

Attach Mailing Label Here

FACTS-5

Serving Vermilion Parish for over 57 years!



2023

118 LeBlanc St.
P.O. Box 698
Abbeville, LA 70511-0698

Phone: 337-893-6798
Fax: 337-898-2787
Email: pam@facts-5.com

Tax Season Office Hours: January 23 - April 18, 2023
Mon-Thursday 9AM-5:30PM
Friday 9AM-5PM
Closed Saturday & Sunday
ShareFile Client Portal 24/7

Online @ <http://www.facts-5.com>



Appointment calendar is filling up FAST!

Call to schedule your tax appointment **TODAY!**

FACTS-5[®] (337)-893-6798