

As 2022 moves forward, 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 are a couple of new forms this year that most people will see, and which we need you to provide to us:

- IRS Notice 1444-C for the 2021 stimulus check; and**
- IRS Letter 6419 for those folks that received the advance child credit.**

Speaking of the advanced child credit, if you received it in advance, please understand that your refund this year may be greatly reduced!

The IRS is HOT on tracking down cryptocurrency traders to ensure their transactions are properly reported. Starting in 2020, Form 1040 asks taxpayers on page 1 “if at any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in a any virtual currency?”

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

- W-2 for wages
- 1099-DIV for dividends
- 1099-NEC for income
- 1099-R for retirement
- 1099-Int for mortgages
- 1099-SA for HSA’s
- 1098-T for tuition
- K-1 forms from investments in S corporations or partnerships
- Form 5498 for IRA values
- W-2G for gambling
- 1099-Int for interest
- IRA and Roth IRA contributions for 2021
- 1099-B Brokerage
- SSA-1099 Social Security
- 1099-Misc for income
- 1099-K for income
- 1099-G for refunds & unemployment
- Child care costs, and the name, address, amount and ID # of the recipient
- Charitable donations-total amounts and recipients
- Property tax paid on your home, property or cars
- Estimated tax payments and dates
- Any letters you received from the IRS or state tax authorities
- Our engagement letter

If you have a small business or rental property, we can provide you with a separate checklist for those activities if needed.

Again, IRS scrutiny of foreign accounts means that you need to be clear about any non-US accounts or income so that we report it correctly.

If you have bought and/or sold a home in 2021 we need the closing statements on both purchases and sale.

In the current tax era of greatly increased requirements to itemize deductions, a tax “bunching” strategy is mandatory. The “bunching strategy” recognizes that the best tax deductions are obtained by putting deductions in one year rather than spreading them amongst several years. For example, in years where your charitable contributions are very low, hold off until the next year to catch up, then also pay the full amount of the next year’s contributions in the “catch up” year to double your chances of itemizing. Similarly, few Americans receive medical deductions anymore, but if you incur a large expense for say, the deductible on surgery, then try to do all your other medical items in the same year, such as dental and vision exams, check-ups, etc.

If you have a Health Savings Account, it is also mandatory that you deposit some amount into it and leave a minimal balance at all times-the tax savings benefits are incredible and this is one of the single best plans available.

Every year we are told “I pay too much in taxes” or “I want some of the tax loopholes that rich people get”. We can answer both statements with one answer. Rich people get no more tax deductions or “loopholes” than anyone else, they just take advantage of what is there to keep their taxes at a low legal level. The single greatest tax “loophole” that they use, which few average people use to its limit is the ability to defer nearly \$20,000 into a 401-K if your employer has one. If your employer has a 401-K and you are not putting the maximum deferral in it, there is no reason to even think about other tax planning ideas.

Check into your employer’s handbook to see what employer provided fringe benefits are available. Taxpayers are often surprised at the available benefits, or at our explanation of what some benefits really mean. We offer special “tax planning” sessions to go through the handbooks and your paycheck to see what is available and what your options may be, via appointment.

It looks like estate tax will become an issue again for many Americans. If the value of your home, life insurance, retirement and savings or investments is over \$1,000,000 it may be time again to do some advance planning either before the end of the year preferably, or after-tax season. In either event, please call us to do this either virtually or via email.

Every year we are reminded how much we value your business, and we want to say once again thank you. Please call us with any questions.

Sincerely

A handwritten signature in black ink, appearing to read "Stephen Cromwell". The signature is fluid and cursive, with the first name being more prominent.

Stephen Cromwell, ESQ., CPA NTPI Tax Fellow®