Dear Clients, January 2023

Happy New Year! We hope this letter finds you in good health and wish you all the best for a successful 2023.

As we prepare for the current tax filing season, our goal is to continue to deliver excellent tax planning & preparation service. As a reminder, Michael will continue to focus on completing returns during the busy season and meetings are limited during this time period. You should include **specific questions and all new or unusual circumstances pertaining to 2022** when you submit your tax support documents.

We will schedule a telephone meeting, if needed, after a preliminary review of the tax support documents and other data submitted for your 2022 tax return preparation. We expect a telephone meeting will NOT be necessary for the majority of our clients but want to make sure those who would benefit from it know it is available as an option.

We are pleased to announce two new software solutions to make electronic submission of documents (TaxCaddy) and delivery of returns (SafeSend Returns) easier and more efficient.

<u>Submission of Tax Support Documents</u>

- **Electronically**. TaxCaddy is the tool you will use to gather and submit your source documents. A separate email will be sent with details, as well as an invitation from our firm to set up your private account. Later this year we are phasing out the current NetClient CS portals. You will be notified in advance to ensure you have time to retrieve and save any documents. Please bear in mind we maintain client electronic records for 7 years.

- **Send to** our Middleton office via FedEx, UPS or USPS Priority Mail.

  Michael T. Famiglietti, CPA, P.C.
  191 South Main Street, Suite 103
  Middleton, MA 01949

- **Drop-off** at either office.

  Charlestown: the building is open M-F from 8:30 AM – 5:00 PM. Upon arrival, please call our office (617) 242-2345 and one of our staff will meet you in the lobby to take delivery of your documents, or leave with the receptionist who will deliver them to our staff in our secure office suite. A drop-off after 5:00 PM or on a Saturday must be coordinated in advance to ensure our staff will be available to meet you.

  Middleton: The building is open M-F from 9:00 AM – 5:00 PM. Upon arrival, come to Suite 103 or call (978) 646-0052 for assistance.

The deadline for submitting complete tax information is close of business Wednesday, March 15th.

Client files submitted with missing information are placed on hold and the tax return preparation process will not begin until the file is 100% complete. Please reply promptly if we contact you for missing information and/or documents to prevent delays in your tax returns being completed. Check your email and voice mail to ensure you do not miss a message from our office.

Extensions will be filed prior to April 15th for all client files that are either incomplete on the March 15th deadline or are submitted to us after that date. More information will be provided once we get further into tax season.

Completion of Returns

We have implemented **SafeSend Returns** as our electronic Tax Return delivery solution. Paper returns will be provided to clients who do not have access to the technology needed for electronic delivery.

A friendly reminder… please do not call the office while your tax returns are being prepared to check the status. Responding to these requests is extremely inefficient and takes valuable time away from the tax preparation process. **Our staff will contact you as soon as your tax returns are complete**. Please be patient and trust our process during this extremely busy time of year. An administrative fee may apply for repeated calls and/or emails inquiring about status.

As in previous years, invoice payment is due at the time of delivery of your completed tax returns.
We submit the electronic files to the IRS and State(s) upon receipt of signed e-file authorization forms, engagement letter and full payment. We accept checks in addition to all major credit cards.

Please do not hesitate to contact Betsy (978) 646-0052 or Karen (617) 242-2345 if you have any questions. We appreciate your business, your patience, and your continued support.

Best Regards,

-Michael, Betsy, Karen

Tax Year 2022 Helpful Hints

Use your personalized Tax Organizer and Checklist. New this year, TaxCaddy clients will receive their tax documents checklist and questionnaire as part of their TaxCaddy account.

For clients who submit paper documents, follow the order of the Tax Organizer to ensure nothing is missed. Add any new documents as appropriate (new job, bank accts, investment accounts, etc)

Please make sure to tell us about;

Changes to your address, phone number(s) and email.

Marital status changes.

New dependent(s) or if a person was previously a dependent but is not any longer.

Job changes.

Did you work from a state during 2022 that is not your home state? For example, if you are a MA resident but worked part of the year at your vacation home in RI. If yes, please provide us with the location and dates you worked somewhere other than your home state.

If you earned investment income (interest, dividends, tax-exempt interest and/or dividends, proceeds from sales of securities, etc.) during 2022, the information reported on **Consolidated Form 1099s and Form 1099-Bs** is especially vital in determining the correct amount of income and/or losses realized during the year. Please check your **Consolidated Form 1099s and Form 1099-Bs** for missing cost basis before submitting those forms to us. We cannot complete your returns without this data.

Did you refinance, sell or purchase real estate in 2022? If so, include the **Closing Disclosure/Settlement Statement** for any of these transactions.

Were you a MA resident for all or part of the year?
Be sure to include your proof of health insurance, MA Form 1099-HC. This form will be sent from your health insurance company(s) by January 31, 2023. There is information on the MA Form 1099-HC that we include on your tax return to prevent MA from assessing a penalty for not having proper health insurance coverage.

Form 1099-HC is not required if you receive health insurance through Medicare.

Frequently Asked Questions

Q. When should I expect to receive my 2022 tax forms?

A. The most common deadline for businesses and financial institutions to provide tax forms to filers this year is **January 31 (**Form **W-2**, Form **1099-INT (not issued when interest income is less than $10),** Form **1099-DIV,** Form **1099-R (Retirement Plan Distributions)**, Form **1099-NEC,** Form **1099-MISC**, Form **1098 (Mortgage Interest Paid)**, Form **1098-E (Student Loan Interest Paid)**, Form **1098-T (Tuition Paid, Scholarships Received)**, Form **1099-G (Government Payments including Unemployment and Tax Refunds)** and **MA Form 1099-HC.**

For data that requires more time to compile, the IRS gives financial institutions a **February 15** deadline to provide tax forms. The most common forms you can expect to receive by this date are **Consolidated 1099 and 1099-B** (sales of investments in brokerage accounts). It is common for financial institutions to need more time to provide you with the final amounts for the year. Please do not provide us with these forms if they include "Amounts are not final" or some other indication that a subsequent tax form will be sent to you. We need the final version to prepare your tax returns accurately.

Q. Should I submit all of the <u>receipts for out-of-pocket medical</u>, dental, prescriptions, etc.?

A. **Typically, no**. Medical expenses are deductible IF Itemized Deductions are greater than the Standard Deduction AND if your medical expenses **exceed 7.5% of your income**. If you think you will benefit from deducting medical expenses, please provide us with a list that includes the type and amount of expenses instead of the receipts.

Q. What information do I need from my <u>childcare provider</u>?

A. You must identify all persons or organizations that provided care for your child, dependent, or spouse. To identify the care provider, you must give us the provider's name, address, and taxpayer identification number.

Q. I <u>worked from home</u> most of the year. Are any of my home expenses deductible? Can I claim a home office deduction?

A. No. Employees cannot deduct unreimbursed employee expenses in 2022. However, if you are self-employed and worked from home during the year, tax deductions are available.

Q. What information do I need to provide you for my <u>charitable donations</u>?

A. You can only deduct charitable contributions if you itemize deductions. Gifts to individuals are not deductible. Only qualified organizations are eligible to receive tax deductible contributions. If you receive a benefit in exchange for the contribution, you can only deduct the amount that exceeds the fair market value of the benefit received.

For contributions of cash and checks (regardless of amount), you should provide us with a bank record or a document from the organization containing the name of the organization, the amount, and the date of the contribution.

For deductions of goods (new or used), you can deduct the fair market value of the items donated. You should provide us with a receipt from the organization that includes the date of the contribution, description of goods donated and the fair market value of those goods.

For any contribution of $250 or more (including contributions of cash or property), you must obtain and keep in your records a written acknowledgment from the organization indicating the amount of the cash and a description of any property other than cash contributed. The acknowledgment must say whether the organization provided any goods or services in exchange for the gift and, if so, must provide a description and a good faith estimate of the value of those goods or services.