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Client Information.....January 2023

Organizers and Appointments. Organizers are available on the website as well as a tax document checklist and several other items which might be useful to you at: <http://johngallocpa.com/forms/>

If you received this newsletter in the mail, there should be an organizer enclosed along with it. Please use the organizers and checklists to help you assure that you have all the necessary information together to prepare your income tax returns.

Please call to schedule your appointment as soon as possible. Make sure you have all information available prior to your appointment. If you have the ability to provide your information electronically or through the mail ahead of time, this would improve the efficiency of getting your return completed. When mailing information, do not use certified or registered mail. This can cause extensive delays as we are not in close proximity to a post office. We like to opportunity to meet with you, but we all have busy schedules and we can work in any manner that is beneficial to you. The best way contact me is via email. If you call, please leave a voice mail. I will get back to you as quickly as possible.

In Person Meetings. I am available for in person meetings as usual this year. During the day or if necessary evenings or weekends. If you prefer not to meet in person that is fine. We can get information to each other via email, fax, text, or phone.

Homework. It is not uncommon for clients to leave their tax appointment with "homework"-a list of information the tax preparer still needs in order to complete the return. Please provide this homework as soon as possible to avoid backlogs or delays in processing your returns. If homework is not furnished before March 15, you can expect that your return will be placed on extension. Note that you still must pay your taxes by April 15 even if you are on extension. Also, any clients who have not signed the electronic filing authorizations prior to April 10 will have their returns put on extension.

New Clients. We thank you for the many nice referrals that you have sent to us over the past years. We have increased the amount of time available for new clients over the next year. This has opened up more capacity for income tax clients. So please keep us in mind if any of your friends, relatives or colleagues express a need for professional tax assistance. Good referrals are always appreciated. We are also expanding our business advisory and process improvement services. We are available on a year round basis for income tax, estate planning, business planning, process improvements, and personal financial planning consulting.

Charitable contributions. Please be aware that the IRS is requiring that charitable contribution documentation be very detailed. If you give cash, you must have a receipt from the charity and that receipt must have "magic words" on it. Those words must be to the effect that you did not receive

anything of value for your contribution (other than intangible benefits). Without those magic words, the deduction will be disallowed. Non-cash contributions must also have a receipt. The IRS is not accepting the receipts that are typically given by charitable organizations which pick up or accept delivery of goods. The receipt must be filled out in detail at the time of donation. The detail must include a listing of the items donated and the values assigned to those items.

Mileage. The standard mileage rate for business miles during 2022 was .56 for the first 6 months. For the last 6 months of 2022 it was .625 per mile. This means we will need your mileage records separated for the first and second halves of the year for 2022. For 2023 it increases to .655. Charitable mileage is .14 per mile and it is 18 cents per mile for medical or moving purposes. **The business standard mileage rate must be documented at the time the miles are driven.** You need to have some sort of mileage log to keep track of these miles or the deduction for them will be disallowed. In some cases, it may be better to use actual expenses rather than the standard mileage rate. Please discuss this with us. In any case, even if using actual expenses, you must still maintain documentation of the business mileage. Note that I must have actual numbers and you must have documentation to support them. I cannot use "same as last year". Also, I will point out again that the employee business expense mileage deduction is no longer available as an itemized deduction beginning in 2018.

Entertainment and meals. Another area where documentation must be kept in very good detail. First of all, meals are not deductible if you are just having lunch even if you are away from home. Meals are only deductible in a few very limited circumstances. If there is any form of entertainment involved in the expense, there is no deduction. If you are going to a dinner/play, there is no deduction. If you are providing food to a customer at a sporting event, there is no deduction. If you are providing a meal to a customer and discussing business, the meal is deductible normally up to 50% IF you properly document (usually on the receipt) who you were entertaining and what business was discussed during the meal. Those details must be listed or the deduction will be disallowed. (tips are 100% deductible in this situation).

Correspondence from IRS. Please forward any correspondence received from the IRS or state tax agency immediately. It would be best if you can scan it and email it or mail me a copy. Pictures taken on sometimes do not appear legible on computer screens or do not print well. I often need to forward those copies back to the tax authorities involved, so they need to be legible.