

# Davis Accounting Services, LLC

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Tax time is upon us again! Below are a few changes to 2023 taxes and our policies, along with some important reminders:

## **New for tax year 2023:**

- If emailing tax documents, please wait and send everything at once in 1 email or print them and put with the rest of your tax documents to drop off. Multiple clients emailing individual documents becomes overwhelming and can be easily missed. Also, please do not text any tax documents. This is not secure, and, in most cases, we are unable to print them clearly.
- Meals have gone back to 50% and still no entertainment expense.
- Attached is a questionnaire for you to complete. **This questionnaire is mandatory this year, so we will need this completed, signed, and returned when sending us your tax information**
- Please review the depreciation schedule included in your prior year tax return and update any assets you no longer have, noting if they were sold or scrapped.

**Business Meals & Entertainment:** No deduction is allowed for any entertainment, amusement, or recreation expense or for any facility used in connection with entertainment, amusement, or recreation. For meal expenses, taxpayers must be able to prove that 1) the meal was directly related to the active conduct of the taxpayer's business (e.g., business meeting occurred while eating), or 2) the meal directly preceded or followed a substantial and bona fide business discussion or meeting. Meals are subject to the enhanced documentation requirements which require taxpayers to document the amount of the expenditure, time and place of meal, business purpose AND business relationship between the taxpayer and the person having the meal.

**Reporting Cash Transactions:** Federal law requires a person to report cash transactions of more than \$10,000 (in one lump sum, in two or more related payments within 24 hours, OR as part of a single transaction or two or more related transactions within 12 months) by filing IRS Form 8300 within 15 days after the date the cash was received. By law, a "person" is an individual, company, corporation, partnership, association, trust, or estate. The penalties for failure to file with intentional disregard is quite steep. If you would like more information on this, please call our office.

**1099's:** The 1099 penalty for non-compliance is \$500 per non-filed 1099. 1099s are a necessity in our business and important that we get a 1099 to all vendors who we have paid business expenses over \$600 in contract labor, rents, personal services, accounting, attorneys, etc. It is not required to send 1099's to corporations. The 1099's are due to the vendors by January 31st. One more note, if you would like us to prepare your 1099's for you, it is important you get us this information as soon as possible; these forms are now due to the IRS, State and Social Security offices by January 31<sup>st</sup> as well.

**Tax Scams:** Never, ever give your information over the telephone or by email/text to anyone. With the current developments in Iran, cyber-attacks on the USA could be an issue and we are urged to be very careful before opening emails. If you receive emails containing links, never click on the link unless you are absolutely positive who the sender is. If you keep a backup drive connected to your computer, we recommend connecting your backup drive only when performing a backup. This will help prevent your backup from being breached. Also NEVER give anyone your Social Security number or pay taxes over phone or thru e-mail. The IRS does not email you or call you regarding or demanding money owed. If you get one of these calls or e-mails; NEVER pay or give them anything, if you're NOT sure, call us first!! This applies not only to the Federal, but State as well.

We appreciate your trust in our business. Please give us a call if you have any questions or need additional information.

*Keli Davis*

Have a Blessed Year!