

Davis Accounting Services, LLC

1115 S. Czech Hall Road, Mustang, OK 73064

405-256-0404 - 405-256-0414 (fax)

kdavis@davisaccountingok.com

January 19, 2024

Tax time is upon us again! The 2023 tax year continues to follow the Trump tax reform pertaining to tax brackets and standard deductions, with small inflation amounts. 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.
- Credits up to \$7,500 available for clean energy vehicles
- RMD's (Required Minimum Distributions) are now required at age 73 instead of previously 72.
- Meals have gone back to 50% and still no entertainment expense.
- IRS interest rates on underpayments of taxes is up to 8%
- Starting in 2024, Oklahoma is offering refundable credits up to \$7,500 for private school expenses. This is done through the OTC website not on tax returns and the OTC will send the tax credit payments directly to the school. To apply or for more information go to: <https://www.parentalchoice.ok.gov> Applicants must submit their applications on or before February 5, 2024 (priority will be given to taxpayers with Household AGI not exceeding \$150,000).
- Homeschool tax credit is also starting in 2024. This credit will be based on the amount of annual qualified expenses paid on behalf of each eligible student, not to exceed \$1,000 per student. This credit will be claimed on the Oklahoma tax return starting with tax year 2024 (filed in 2025).
- Attached is a questionnaire for you to complete. **This questionnaire is mandatory, so we will need this completed, signed, and returned when sending in your tax information.** This helps you in organizing your tax information and helps us in preparing your return; making sure we have everything needed to file a complete and accurate tax return, getting all the income, deductions, and credits that you are entitled. The questionnaire is also vital as more and more companies are issuing online tax forms (W-2's, 1099's, etc.) instead of mailing them.
- If you have a business, farm, or rental property, **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.
- We work the returns in the order they are received and have a 2-4 week turnaround time. If you have a years worth of bookkeeping for us to enter, this time frame will be longer. **100% of your tax information, including the questionnaire, must be in the office to be considered 'in'.** If we do not receive your information or do not complete your return by the deadline, we will prepare an automatic extension for you.

Foreign Assets: There are enhanced reporting requirements if you have any type of foreign assets; a foreign bank account, pension plan, rental property, ownership of a foreign company, etc. This income is includable in your US tax return. The penalties for not reporting that you have foreign income/assets starts at \$10,000.

Cryptocurrency transactions: Cryptocurrency (i.e. Bitcoin, Ethereum, etc.) is becoming more and more common. Transactions involving cryptocurrency have tax implications and the IRS has included the following question on Form 1040. "At any time during 2023, did the taxpayer receive (as a reward, award, or payment) or sell, send, exchange, gift or otherwise dispose of a digital asset/virtual currency (or any financial interest in a digital asset)?" It is recommended that you open a crypto wallet for tracking purposes.

Unreported income: If you are making extra money by doing side jobs, such as driving for a ridesharing company such as Uber or Lyft, selling crafts on Etsy, delivering meals with Grubhub or DoorDash, renting out a room in your house via Airbnb, etc. it needs to be included on your tax return. Unless specifically excluded under the Internal Revenue Code, all income is taxable. This includes income that is not reported to you on one of the various Forms 1099, foreign income, and barter income.

1099's: The 1099 penalty for non-compliance is \$750 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, repairs, personal services, accounting, attorneys, etc. The 1099s are due to the vendors and IRS by January 31st. **One more note, if you would like us to prepare your 1099s for you, it is important you get us this information as soon as possible; these forms are due to the recipient, IRS and State by January 31st.**

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.

Have a Blessed Year!

Keli Davis