

Jamie Duman
Certified Public Accountant

Dear Business Clients:

As 2022 comes to an end, it feels as if life is getting back to normal. For your convenience, I have provided a list of the documentation necessary for me to complete your 2022 tax return. **Don't forget:** please have all materials to me by **March 3, 2023**.

As usual, it would be helpful if I had your tax information prior to our meeting. Information can be submitted via email, fax, or in the secure drop box in the office foyer. Completed returns can be emailed or mailed directly to you for signatures and payments. In an attempt to avoid duplication of processing, please let us know your preference for delivery of the completed returns.

As most of you know, Amanda is back in the office as an in-house bookkeeper. Nicole continues to process payrolls along with her other office duties. The new face in the front office is Patty, whom you can look forward to meeting at the front desk.

Importantly, 2023 is a year of minimal changes to tax laws. **However, enforcement efforts by the IRS are increasing, and we are particularly aware of audit activity involving ERTC (Employee Retention Tax Credits) and employees misclassified as subcontractors. *These two areas deserve more attention on your part.*** For individuals that you treat as subcontractors, make sure your relationship does not have your company essentially providing all of their work, income, and work hours.

As always, we all look forward to working with you!

RELEVANT TAX LAWS

The Employee Retention Credit (ERTC) continues to be an area of focus. If the business had to be closed due to Covid restrictions, we will need to determine if you are eligible for this very generous credit. Please bring it to my attention if you believe you may qualify.

State and Local Income Tax (SALT) is the government's plan to increase the allowed deduction for state tax utilizing S-Corporation pass-throughs. The "workaround" is that state tax is paid by the Company. The Company then takes a tax deduction on the Federal return and the individual claims credit for the tax paid on the individual returns. Please let me know if you would like more information.

TAX RETURN INFORMATION NEEDED:

At a *minimum*, the following supporting documentation should be submitted:

1. If the bank accounts have been reconciled, please provide a reconciliation to the book balances as of December 31, 2022. If the accounts have not been reconciled, please provide copies of **December 2022 bank statements** for all checking/savings accounts (i.e. if your bank statement has a mid-month cutoff, then please provide us with the January 2023 statement as well).
2. If there is a petty cash balance at December 31, 2022, please compare the cash amount on hand to the book balance. These amounts should be the same and need to be adjusted to the actual.
3. If ending inventory exists on December 31, 2022, please provide a recap of your physical count taken at year-end.
4. Fixed asset additions purchased during 2022 (over \$2,500)—please provide copies of invoices supporting purchase price and date acquired. If the asset was financed, please provide the loan agreement.
5. Fixed asset disposals – please provide information on assets sold and/or abandoned during 2022. This now includes the information on assets that were traded in for new assets.
6. Credit card statements listing charges through **December 31, 2022**. Depending on the statement cutoff date, this could be your January and/or February 2023 statements. Each credit card account should be reconciled to the book balance.
7. Statements reflecting the loan balance at December 31, 2022 (this may be the January 2023 statement). Loan balances may relate to equipment loans and lines of credit. If you receive a year-end summary reporting interest paid in 2022, please provide it. Also, please provide copies of any new and/or refinanced loan agreements that were entered into during 2022.
8. Year-end payroll reports including 2022 W-3 and W-2s. If you use an outside payroll service, please provide the last payroll report for the calendar year 2022.
9. Copies of 2022 Forms 1099 issued for the year.
10. Copies of contracts for new leases (i.e. property, vehicles of equipment) during 2022.
11. If applicable, please submit IRS Forms 1099 (Int., Misc., Cancellation of Debt, etc.) and any IRS correspondence your business may have received for 2022.
12. Documentation for any change of ownership for partners/shareholders, locations, or number of stores.

After your 2022 accounting has been completed (i.e. 2022 activity entered and accounts reconciled), please create an Accountant's Copy or Backup of your QuickBooks file for our use.

If you use software other than QuickBooks, please print balance sheets as of December 31, 2021 and December 31, 2022, an income statement for the calendar year 2022, as well as an accounts receivable summary list and accounts payable summary list as of December 31, 2022.

This is a preliminary list; additional information may be requested during income tax preparation. Your cooperation in submitting this information on a timely basis is most appreciated.

CUTOFF DATES FOR TIMELY COMPLETION OF ENTITY TAX RETURNS:

The initial federal filing due date for 2022 **C and S Corporate tax returns as well as Partnerships** is March 15, 2022. To ensure completion of your corporate return, **all** information must be received by our office **no later than March 3, 2023**.

The final extended federal filing date for 2022 **C and S Corporations and Partnership tax returns** is **September 15, 2023**.

Once our office receives all required information, tax returns are prepared on a first-in, first-out basis.

Thank you in advance for your assistance, and I look forward to working with you this year.

Sincerely,

Jamie Duman
Certified Public Accountant
Enrolled Agent

JD/jld