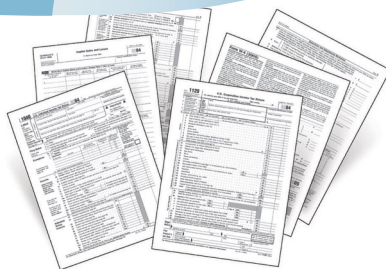


Gardner's Tax Service, Inc.
5618 South Mingo Road
Tulsa, Ok 74146
(918) 250-7381
(918) 250-8828



It's not too early to start thinking about next year!

Individual & C-Corporations are Due April 17, 2023

You can file an extension that will give you 6 more months to file, but remember an extension only extends the day to file not pay.

S-Corporations/Partnerships/Trust returns are due March 15, 2023

Penalty for not filing on time is \$200 a month per shareholder.

Schedule an appointment today!
Just call (918) 250-7381 or
email gardner@gardnertaxservice.com



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Tax Newsletter

We are now preparing for our 47th tax season, and our 6th tax season without Richard. It is hard to believe it has been that long. We all would have liked to have known what he thought of all these massive tax changes over the last six years. Thankfully for 2022 we won't have to reconcile any stimulus payments or advance child tax credits, so hopefully it makes for a smoother tax season for everyone.

We have our regular preparers Eileen, Loretta, and Monica again this year with an added addition of Kevin which many of you may already know, as he has worked with us for a couple of years now. We are now taking appointments for the upcoming tax season so when you are ready, please give us a call so we can reserve your time now. We will continue to accept tax returns dropped off, emailed, or faxed to assist those who can't make it in for a scheduled appointment. Your return will be prepared promptly and we will contact you and go over everything and answer any questions you have before we finalize the return.



New Mileage Rates

1. Business

Business mileage rates for Jan 1st-June 30th is 58.5 cents a mile and for July 1st-Dec 31st it is 62.5 cents a mile. This is to reflect the increase in gasoline prices for this year. Be sure and keep your mileage logs separated so we know when the mileage accrued rather than a total for the year. If you depreciate or have depreciated your vehicle in the past, remember you cannot switch back to mileage, if you have taken depreciation you need to keep track of your expenses for gasoline, insurance, repair and maintenance on the vehicle.

2. Medical

Medical mileage is 18 cents for the 1st part of the year and 22 cents for the last part of the year.

3. Charitable

Charitable mileage rate remained the same for the entire year at 14 cents a mile.

Notable 2022 Tax Changes

Charitable deductions were deductible up to \$600 the last two years even for those who could not itemize but the IRS has not extended this provision so if you cannot itemize then you won't be able to claim any charitable deductions

One provision that will impact 2022 is the repayment of Covid-related retirement distributions that you may have taken in 2020 and that you elected to pay out over 3 years. 2022 is the 3rd and final year of those repayments.

Qualifying mortgage insurance premiums as an itemized deduction is no longer deductible for tax year 2022

The educator deduction for teachers has always been \$250 but for 2022 it has increased to \$300.

IRS Update

Congress has allocated the IRS more funding and they are planning in hiring about 87,000 new employees. These employees will be hired over the next 10 years so it will take time. We are hopeful that this means less hold times in the future and faster processing of returns. We know that many are worried that this will mean more audits in the upcoming years but most of the new hires will be IT support and processing staff along with replacing thousands of IRS agents that are set to retire. Their goal is to get the staff back to where it was a decade ago. And we are all in agreement that none of us like tax collectors or the auditors, but we also know how frustrating it is to be on hold for several hours just to get disconnected or told they can't help you with your issue. We have heard from many clients that are still waiting on their refunds. The IRS has had issues in the past but since COVID the problems have gotten exponentially worse. Currently the IRS is backlogged with 8 million unprocessed individual and business returns. The IRS states that most paper returns they receive means those taxpayers have had to wait about two-thirds of a year to get their refund. So, e-filing will always be the better option. If you have mailed in anything, remember it will take longer to get it reviewed. This is a big conundrum as taxpayers mainly respond by the only method the IRS usually offers which is by regular mail. Currently the IRS has about 4.5 million pieces of correspondence awaiting review and processing. We know many of you are in this situation of waiting for a response, but our only advice is to be patient and diligent in responding every time you receive a correspondence from the IRS.



Audits

The best defense is always a good offense

Audits are always on the mind of many taxpayers, but you should be aware of how the IRS system works. CNBC stated that the IRS system may flag a tax return that has deductions or credits that fall outside an acceptable normal ranges in comparison to the income. Other 'red flags' for an IRS audit may include unreported income, home office, and auto deductions, and rounded numbers on your returns. Rounded numbers imply they are estimates rather than actual deductions. If you are someone who always estimates and rounds your numbers remember that can cause you issues. You should find ways to track your receipts so you have accurate and precise numbers.

Dependents

This tax year will be the first in two years we won't have to reconcile for either stimulus money or advance child tax credits. It will make it easier when we file your return. The child tax credit will return to \$2000 per dependent child under the age of 17 and \$500 credit for those 17 and older. We get a lot of clients that are concerned about claiming their college age student because they no longer live under their roof but as their parent you are still entitled to claim them as a dependent if they are a full-time student up to age of 24. To ensure you don't have any issues with this, let your college student know you are claiming them, so they don't mistakenly file their own tax return claiming themselves.

Business Owners

Issuing 1099s

If you are a business owner and need to send out 1099s, be sure and get them mailed to the recipient by January 31st and mailed to the IRS by February 28th. We are now seeing penalties for those businesses that failed to file them or did not file them by the due date. Those penalties will equal \$50 per 1099 that is not filed on a timely basis. If you need our office to prepare them let us know in January. If you need 1099 blank forms, we have those available at no charge to our clients.

Selling Business Assets

If at any point in the year you sell any business assets, not including vehicles, but equipment then you need to charge and collect sales tax when you do. That collected sales tax will need to be sent to the Oklahoma tax commission. OTC is looking more into businesses that fail to collect sales tax for assets sold within a business. If you have questions whether this applies to you then please give us a call and we can assist.

Employee Retention Credit

If you were one of the employers that received the Employee Retention Credit (ERC) then you need to make sure and let your tax preparer know so they can go back and amend your tax returns for the year you received the credit. The IRS has this as a requirement for receiving the ERC so make sure you follow through and amend your return.

ITEMS TO BRING TO YOUR TAX APPOINTMENT

- Dependents' Social Security Numbers & DOB
- Wage Statements –Form W-2
- Pension or Retirement Income -1099-R
- Interest and Dividend Income – Form 1099-INT/Form 1099-DIV
- Social Security Income – Form SSA-1099
- Unemployment Income – Form 1099-G
- Gambling Winnings – From W-2G
- Sales of Stocks or Bonds – Form 1099-B
- Cancellation of Debt –Form 1099-C
- Child Care Expenses & Provider Information (Let your preparer know if you have dependent care benefits through your employer)
- Student Loan Interest –Form 1098-E
- Tuition and Education Fees –Form 1098-T
- Estimated Taxes Paid (We need the date it was paid)
- If you had Health Insurance through the Marketplace we need the 1095-A

ITEMIZED DEDUCTIONS

If you can itemize then we will need the following deductions.



- ▶ Doctor/Dental
- ▶ Real Estate Taxes
- ▶ Prescriptions
- ▶ Mortgage Interest
- ▶ Long Term Care
- ▶ Church Donations
- ▶ Other Medical
- ▶ Other Cash Donations
- ▶ Medical Miles
- ▶ Non Cash Donations