



# DEBORAH L. PENCE, LLC

## INCOME TAX PREPARATION SERVICES

19401 E 40 HWY, SUITE 170 · INDEPENDENCE MO 64055

PHONE: 816-795-9882 FAX: 816-795-9883

EMAIL: [DLPENCE@GMAIL.COM](mailto:DLPENCE@GMAIL.COM)

WEBSITE: [WWW.TAXESBYDEBBIE.COM](http://WWW.TAXESBYDEBBIE.COM)

## A Note on the Upcoming Tax Season

It's once again time to start thinking about filing your 2022 Income Tax Returns. The last couple of years have been a whirlwind of changes to tax laws and filing rules (many of them last minute), expanded and changing deadlines, and ever changing office policies. We are looking forward to a more calm and back to normal tax season this year!

When Covid came about, we made changes to our in person appointments, and found that some of these policies actually made our schedule run more efficiently. We will continue to ask that only two people come for tax appointments in my office, and also we would still ask that you wait about five to ten minutes before your appointment time to come in to the office. Most appointments are 30-45 minutes and I usually use all of that time up with each client, and very rarely run early enough that you would need to be here for your appointment more than ten minutes ahead.

Last year I began testing online signatures for your required signature forms. I wasn't happy with that software or process, so will be changing to DocuSign for this year. This should be a much smoother online signature option for my out of town and immobile clients. I am also happy to email you a payment link if you cannot pay in-office.

I know that tax rules, tax filing, and receiving tax notices spur many questions and worry for my clients. Unfortunately if you have questions during the tax filing season, I am not able to come out and talk about it in between appointments. I run a very tight schedule to get everyone in, and when I don't have clients in my office I am still working on returning phone calls, emails, and completing drop-off returns. Voicemails and emails may take one business day to return, and are often done after 8 pm when appointments are done for the day. My assistant, Megan, can answer most questions you may have if you need immediate assistance.

I look forward to seeing you all again this tax season!

Like last year, I will be offering the following options for preparing your 2022 tax return:

- ◆ Drop-off/mail-in service: Feel free to mail-in or drop-off your tax information at my office and Megan or I will call or email you with any questions that I may have. I will also review your return over the phone with you upon completion. Your documents can be picked up and signed at my office (or online), and your return put in your secure online portal. I can also mail your documents back to you at your expense. These returns will be completed in the order in which they are received. Because it can take up to three weeks for turn around, drop-offs received after March 25 will have extensions filed and will be processed during the summer and fall months.
- ◆ Upload service: You may upload your tax documents using your secure portal. After finishing your return, your copy of the tax return will be available in the portal. These returns also have a March 25 deadline to submit to my office for completion. Signatures can be done electronically or in-person.
- ◆ In-person appointments: I am seeing clients in my office by appointment only. If you are missing documents and we are unable to complete your return during your appointment, I am unable to make additional appointments to complete it. Once I get all items needed, returns will be worked on in the order the information is received alongside my drop-off returns. Please call my receptionist to make an appointment, and **make sure to let her know if there are multiple returns to complete so enough time is allowed.**

## 2022 Tax Law Highlights

- **Standard Deduction Increase:** Single –\$12950, Married Joint–\$25900, Head of Household–\$19400
- **Dependent Care Credit:** For 2022 this has gone back to \$2000 per child age 16 and under.
- **Child Care Credit:** Last year this credit had a major bump, but has gone back to its pre-Covid amounts. You can get a credit for 20-35% of up to \$3000 in childcare expenses per child under age 13 (\$6000 max for multiple kids). You cannot claim the credit if you pay for childcare but are not working and not in school.
- **Earned Income Credit:** The age and income amounts have reverted back to previous standards. You must be between 25 and 65 if you don't have children, you can't claim the credit if filing Married Separate, and must have earned income on your return. You cannot claim the credit if you have investment income more than \$10300.
- **Charitable Donations:** You must once again be eligible to itemize to deduct charitable cash donations.
- **Educator Expenses:** This has increased to \$300 per calendar year.
- **1099-K:** Any individual that received more than \$600 in BUSINESS transactions will begin receiving this form each tax year. The IRS recently announced that this will be delayed for year 2022, and will instead be implemented beginning with transactions occurring 01-01-23 and later. (Meaning you will begin receiving the tax form in 2024 for tax year 2023.) This is not intended for individual use of payment apps, but for income exchanged for business purposes only.
- **401k and IRA Contributions:** Limits have increased to \$22500 annually for individual contributions, with an additional \$7500 for those 50 and older. If you have more than one job that has retirement plans available please watch these amounts carefully on your paystubs, as I have seen a few instances of over contributing the last couple years.
- **Energy Credits:** Once again, they're back! For tax year 2022 you can get up to 10% on the purchase of energy efficient windows, doors, furnace/ac units, hot water units and more—subject to \$500 lifetime limit. For 2023 tax year this credit expands to 30% of your purchase and the lifetime limit amount increases to \$1200, but some items such as roofing materials get excluded. Make sure to keep your receipts if you want to take this credit next year. Additional credits are available for clean energy systems such as solar, wind, and fuel cell power systems. See [www.energy.gov](http://www.energy.gov) for more details.
- **Electric Vehicles:** A credit of up to \$7500 is available for the purchase of a qualified electric vehicle. If you purchased after August 16, 2022 the vehicle must have had its final assembly in North America. There is a limit to how many credits can be used per qualified vehicle make and model. Please check this online before sending in documents. I must have the bill of sale with VIN listed to be able to take the credit on your tax return.

## KC Refunds Update:

The city of Kansas City announced changes to its request for refunds for all wage earners working outside of its city limits. Now you must file a protest form (Form RD-PUP) in addition to your KC Earnings Tax form on your tax return. Form RD-PUP can be submitted online if you have a quick tax account setup, or it can be printed and mailed. If you mail the form, you must go through the additional step of getting it notarized before sending. While originally we thought this new form would be submitted at the time of your tax return, it's a separate process and will need to be submitted by you, the taxpayer, BEFORE your tax return gets submitted.

## Business Updates and QBI Statements

- √ Business Meals: For 2022 business meals are still 100% deductible, but this reverts back to 50% in 2023.
- √ Entertainment Expenses: There is no longer a deduction for entertainment expenses or membership dues to any club organized for business, pleasure, recreation, or other social purpose. This includes buying tickets to sporting events through your business.
- √ Charitable Giving: This is another deduction that is up to 100% deductible in 2022, but it will also drop to 50% beginning in 2023.
- √ QBI Deduction: Partnerships, S-Corporations, Farmers, Trusts, Estates, and sole proprietorships are allowed to deduct 20% of business related income, subject to certain wage limits and exceptions. The remaining income is subject to normal rates. The 20% deduction is not allowed in computing adjusted gross income (AGI) but rather is allowed as a deduction reducing taxable income.
- √ Don't forget to keep track of your auto mileage! This could be a major deduction for some business owners that have to make frequent trips to see clients or travel long distance frequently for business operations. See below for 2022 and 2023 mileage rates. You must have detailed records that include dates, travel location, and beginning and ending mileage. For Schedule C clients I must have make, model, and year of the vehicle, beginning and ending mileage for the year, and the business mileage for the year. If you use more than one vehicle for business purposes, I need all of this information separately stated for each one. For 2022 the mileage rate increased mid year. Please have mileage separated by rate as well.
- √ If you have income from a partnership or S-Corporation that provides you a K-1 for your personal return, I will need 2 things along with your K-1: 1. "Statement A-QBI Pass Through Entity Reporting",. This is a statement that shows your business' QBI deduction information and is required to be completed with the business tax return and 2. A basis worksheet. If I handle your business accounting and taxes I will have this on file. If I don't, whomever completes the business return is required to provide this to you, even if the K-1 shows a loss.
- √ Beginning in 2023, the Bonus Depreciation deduction goes from 100% to 80% for all assets placed in service as of Jan 1. This phaseout continues each year (60% 2024–40% 2025–20% 2026) until it goes away all together in 2027. Bonus Depreciation has been a major advantage to businesses looking for a way to reduce taxable income. 80% is still a hefty amount on large purchases, but if you have plans to upgrade machinery or make large asset purchases over the next few years it's worth considering getting those bought while Bonus Depreciation is still applicable.

### 2022 STANDARD MILEAGE RATES JAN TO JUN:

**BUSINESS: 58.5 CENTS PER MILE**  
**MEDICAL: 18 CENTS PER MILE**  
**CHARITABLE: 14 CENTS PER MILE**

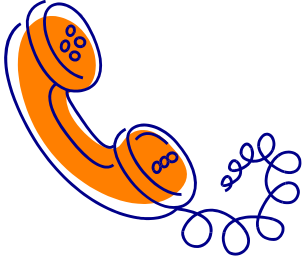
### 2022 STANDARD MILEAGE RATES JUL TO DEC:

**BUSINESS: 62.5 CENTS PER MILE**  
**MEDICAL: 22 CENTS PER MILE**  
**CHARITABLE: 14 CENTS PER MILE**

### 2023 STANDARD MILEAGE RATES:

**BUSINESS: 65.5 CENTS PER MILE**  
**MEDICAL: 22 CENTS PER MILE**  
**CHARITABLE: 14 CENTS PER MILE**





**WEBSITE:** [www.taxesbydebbie.com](http://www.taxesbydebbie.com)

**OFFICE PHONE:** 816-795-9882      **OFFICE FAX:** 816-795-9883

**CONTACT RECEPTIONIST:** Phone Ext-0

**CONTACT MEGAN:** Phone Ext-4 Email-[assistant.dlpence@gmail.com](mailto:assistant.dlpence@gmail.com)

**CONTACT DEBBIE:** Phone Ext-2 Email-[dlpence@gmail.com](mailto:dlpence@gmail.com)

**2023 TAX SEASON OFFICE HOURS (JANUARY 23RD TO APRIL 17TH)**

**MONDAY THROUGH THURSDAY 9:00 AM TO 7:00 PM    FRIDAY 9:00 AM TO 5:00 PM**

**SATURDAY 9:00 AM TO 2:00 PM    CLOSED ON SUNDAY**

**PLEASE NOTE THAT I DO NOT TAKE APPOINTMENTS ON WEDNESDAYS TO ALLOW TIME TO CATCH UP ON RETURNING EMAILS/PHONE CALLS TO CLIENTS AS WELL AS WORK ON DROP-OFF RETURNS**

**IMPORTANT DEADLINES FOR 2022 TAX RETURNS**

**MARCH 15: CORPORATE TAX RETURNS DUE**

**APRIL 18: INDIVIDUAL TAX RETURNS DUE**

**SEPTEMBER 15: CORPORATE EXTENSION RETURNS DUE**

**OCTOBER 16: INDIVIDUAL EXTENSION RETURNS DUE**

**ESTIMATED PAYMENT DATES 2023 TAX YEAR**

**APRIL 18, JUNE 15, SEPTEMBER 15, JANUARY 15 (2024)**

Each year I am contacted from clients with commonly asked questions. Below I have listed the most frequently asked questions and the answers I give.

**Can You Email My Tax Return?** Unfortunately per IRS security requirements I am not allowed to do this. I also cannot send your tax documents or tax return to any third party. When this change in procedure occurred I made available an online portal to all active clients. You can access your portal online via my website. If you cannot remember your password you can contact my assistant at [assistant.dlpence@gmail.com](mailto:assistant.dlpence@gmail.com) to request a password reset. You can also reset your password on your own via the login page. The last three years of your tax returns are available here.

**Where's My Refund?** This is one of the most common questions we get asked every year! The short answer is: we don't know. Once we submit the returns electronically to the IRS and states and they are accepted, it is completely out of our control. Sometimes refunds get delayed due to the volume of submissions or lack of money, other times it's because your return was randomly selected for review. I have links posted on my website for you to check the status of your IRS, Kansas, and Missouri returns. You will need to have your EXACT refund amount, the social security number of the first person on your return, as well as your filing status. The IRS now has a separate refund tracker for amended returns as well.

**I Got A Letter From IRS—What Should I Do?** I cannot answer questions about government notices without first seeing the letter. The best thing to do is drop a copy off at the front desk for me to review. There are many reasons you could get a notice from IRS or the states and without seeing what it says I cannot give you a good answer.

**What do I need to bring in?** See the "What to Bring" list attached to this newsletter or on my website.

## WHAT TO BRING LIST

- NEW CLIENT? Copy of last year return, dates of birth for yourself, spouse and dependents
  - Estimated tax payments, if any
  - Wage and Tax statements (W-2)
  - Bank Interest Income (1099-INT)
  - Investment Interest Income (1099-INT)
  - Dividend Income (1099-DIV)
  - Pension Income (1099-R)
  - Unemployment Compensation (1099-G)
  - Social Security Benefits (SSA-1099)
  - Distributions from Profit-Sharing-401(k)- IRA's, etc. (1099-R)
  - Commissions-Independent-Contractor-Self Employment income and expenses
  - Railroad Retirement Benefits (RRTA-1099)
  - Long Term Care Insurance Premiums (even if you don't itemize)
  - Rental property income and expenses
  - Any K-1's from Partnerships or S-Corp income. (Also need Statement A for QBI & Basis Worksheet)
  - Any K-1's from Trust or Estate Income
  - Did you sell any real estate; securities: stocks, mutual fund shares, etc? You will need:
  - Any 1099-B's from Brokerage accounts
    - ⇒ Date of sale and sales price
    - ⇒ Records of date of purchase and original cost
    - ⇒ Cost of improvements (real estate)
  - Did you sell your personal residence? You will most likely not have to report this, but please bring in:
    - ⇒ 1099-S Proceeds from Real Estate Transactions
    - ⇒ Closing statement from original purchase of home
    - ⇒ Closing statement from sale of home
    - ⇒ Records of any improvements
  - Did you buy a personal residence? Please bring in the closing statement for all transactions.
  - Cryptocurrency Forms
    - ⇒ 1099 B if you traded invested funds or used crypto funds to pay for goods and services
    - ⇒ 1099 MISC or 1099 NEC if you were paid for work or given an award via crypto funds
  - Any HSA contributions made on your own (Not through your employer)
  - Educators -Classroom expenses incurred
  - IRA/SEP/ KEOGH contributions/rollovers/withdrawals
  - Gambling/Lottery Winnings (W2-G)
  - Child care expenses so you could work or go to school - need name, address, SSN, and full amount paid to each day care provider even if you did pre-tax
  - National Guard & Reserve Members - Travel expenses for overnight meetings more than 100 miles from home.
  - Jury pay - prizes - awards
  - Any other income from any other source!
  - Do you make payments on Student loans? Form (1098E)
  - Adoption expenses
  - Did you sell or trade in any business assets e.g., car, computer, rental property? You will need:
    - ⇒ Date of purchase and original cost
    - ⇒ Records of prior depreciation-for a vehicle you will need prior mileage information
    - ⇒ Any settlement statements
    - ⇒ Date of sale and amount sold for
  - Do you pay any higher education tuition for yourself, your spouse, or your dependents? I cannot process the return without a 1098-T. Bring book receipts separately.
  - Are there any contributions to or distributions from state tuition programs? Form (1099-Q)
  - Are you enrolled in the Health Insurance Marketplace? I will need Form 1095-A. I cannot process the return without this.
- To itemize your deductions, we will need:**
- Out of pocket medical expenses (must exceed 7.5% of income to help) Health Insurance counts **only if not paid through a pre-tax payroll deduction. Medical expenses include- doctor, dentist, hospitals, co-pays, prescriptions, X-rays, contacts, glasses, long-term care insurance, etc. Anything medical.**
  - Home mortgage interest (1098)
  - Real Estate/Personal property tax receipts
  - Charitable Donations