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JANUARY 13, 2023

Dear Client,

We wish each of you a prosperous and Happy New Year! It has to be better this year than last year. I was very sick with kidney problems, and am undergoing dialysis treatments, but am finally starting to feel better. Hopefully we will be over the Corona virus situation soon and we will have no more hurricanes! We know that you have many choices in where to go for tax preparation, and we feel honored to be your choice. The IRS has notified us that we can begin E-file transmission of completed tax returns at the end of January. We can still prepare your return as early as January 17th if you have all of your information; however, the IRS will not begin processing it until the last week of January. Please be aware that for the eighth year in a row, all returns involving earned income or childcare tax credit will be delayed in processing by the IRS until after Tuesday, February 28th.

Now let us discuss some important items regarding our services this year. We ask that you please read them thoroughly to ensure you have the best experience this upcoming tax season:

- **Please note that because of the continuing Corona virus situation, everyone coming to the office will need to wear a mask. This year we will bring you into the office to sit at our desk to give us your information and answer questions so that we can prepare your tax return, but you must wear a mask, no exceptions.** During tax season (January 17 until April 17), we will be available Mon - Fri from 9-7, and Saturdays from 9-4. We ask that you make an appointment so that we know you are coming and can book that time for you.
- **You may drop off your tax information to us.** If you feel you do not need an appointment ("same as last year," "not too complicated," etc.), drop off your tax information in a large envelope, with your phone numbers written clearly. We will call you within two weeks to discuss it while we are working on it. Don't forget to give us Form 1095-A for health insurance.
- **Carlos, and Michelle will be available for "walk-ins" and appointments.** Carlos and Michelle are fully qualified to prepare taxes, as they are both college graduates, as well as licensed preparers with extensive continuing tax education, so consider using them as your preparer. They are just as qualified to prepare returns as I am. I check the work they do, and I can assure you it is accurate.
- **Effective this year, any client who normally sees Mr. Larry will have to give their information to Carlos or Michelle and answer our interview questions. They will send the information to me at my house where I will do the return. I will then give the completed return to them to contact you for picking up. Although I will not be physically present in the office very much this year, and I will not be seeing anyone, I will still prepare returns at my home.**
- **There will be absolutely no discounts under any circumstances.** Our prices are very reasonable for the quality service that you are given. We have a customer referral program available on our website (www.larrysincometax.com). Periodically, we also run promotions on Facebook, so please visit our page and give us a like. These are the only discounts that will be honored.
- **We will not give a second appointment to anyone who fails to show up without giving us a 24 hour prior notice for rescheduling.** There will be a \$25 "no-show" fee added to the bill. In this case, you will be seen as a "walk-in", without an appointment, or will need to drop off your tax information. During tax season, appointments are scarce and are given at a premium. Missing an appointment represents lost income to us and a lost opportunity for clients who may have wanted that time slot.
- **Please arrive early for your appointment or you may lose the time slot to a "walk in".** If you arrive late for your appointment (>5 min), we may already be seeing the next available customer. However, if there is still time left on your slot, we will see you for the remainder of that time. Once time runs out, you will have to leave your information with us and we will call you when it is done. It is simply unfair to allow late appointment arrivals to delay those clients who are on time.
- **Clients who come for appointments should not bring friends/family members who also want to be seen with you, unless you have made an additional appointment time for them.** While we love your efforts to spread the word about us, remember that your tax appointment is for your return to be prepared, not for additional returns to be done during your appointment. Please schedule multiple ap-

pointments for your friends and family. As for your child's tax info, we may ask you to leave it with us and pick it up at a later time. Our aim is to stay on schedule.

For those of you who may qualify for the Earned Income Tax Credit, please **bring the child's birth certificate and social security card, as well as your current picture ID. Please do so even if you have brought it in the past as we have changed software programs and need it each year for copying into the new software.** Also, be aware that the IRS is stepping up their efforts to challenge claims to the Earned Income Tax Credit. **Please bring us proof that the child actually lived with you in your house for more than half the year, and that you are the father or mother of the child.** This includes things such as a doctor or dental bill with the child's name on it listing visits and having your address on it, or a letter from school showing the child's address of record for the school year as your address. **Keep these items for three years.** Children ages 18-24 must have been in college or vocational technical school, and lived in your house for greater than half of the year. If they were boarding at college, a letter or report from the school showing your address as their address of record is fine. Furthermore, you must be able to obtain rent receipts or utility bills with your name on them showing that you have provided housing for the children, if the IRS asks for such documentation. If the IRS should send you a letter asking for copies of such documents, do not bring it to us. It is up to you to respond to it and send them what they ask for.

The IRS is also challenging many educational credits. The school must provide you or the student Form 1098-T, reporting how much tuition was paid for the year. Most colleges now provide it on the student's college web site portal. Please bring us the form and note it does not include the amounts spent for out of pocket books and supplies. To claim an education credit, you must keep copies of the canceled checks and/or receipts from the college or vocational school for paid tuition and books, as well as out of pocket expenses. If you or your dependent child have borrowed money for school on a student loan, that counts towards the paid tuition. **It is usually best for you to claim the child and the education credit.** You are permitted to do this even if the child paid for the tuition and books, per IRS rules. The reason is that the IRS could give the child a possible credit on the educational credits against any taxes owed on wages they may have earned, but they will not get any refundable credit, which could be up to \$1,000 more if they are under 25 years of age. If the child worked part-time, they can still file a return (just not claiming the tuition credit) to obtain any possible refund of withheld federal and/or state taxes. ***Warning***: For some reason, kids often file taxes without telling you, so warn them that you claim them along with the education credit on your return, so that they don't claim themselves on their own return and mess up your tax return.

You are no longer required to have health insurance and there is no penalty if you don't, but many of you still have the Marketplace insurance. You may have received some tax credits up front from the payments sent to the insurance company. You are not required to take this credit in advance as a reduction in your insurance premiums. If you did not take the reduction in insurance premiums, then you may be eligible to receive credit on this year's tax return. The credit you may have been awarded was anywhere from \$600—\$2,500 or more for the year as a reduction in your insurance premium. You could have received this "Premium Credit" if your income was anywhere from 100% up to 400% of the 2022 federal poverty guideline for your household size. If you underestimated your income for 2022 when applying for the exchange based Marketplace health insurance, you may need to repay some of the credit because you would have gotten too much credit. It will be deducted from refunds assuming you have a refund. Otherwise, you would owe the difference. Please tell us if you had the Marketplace insurance.

Form 1095-A, Health Insurance Marketplace Statement will be sent to those who have this type of health insurance. It is used by the insurance company to furnish a written statement to those who enrolled in this insurance plan. **We must have this Form 1095-A to complete your income taxes if you had the Marketplace health insurance. The IRS will know if you received the form, so do not forget to give us the form or it will delay your tax return processing. If you do not have the 1095-A form, you will have to call 1-800-318-2596 to talk to the Marketplace insurance representative and obtain the form prior to seeing us. We will not call them for you.**

The federal poverty amounts for 2022 were \$13,590 for a family of 1, \$18,310 for 2, \$23,030 for 3, \$27,750 for 4, and an additional \$4,710 per person over 4 in the household. These amounts were only considered to determine premium credit payment for the market-place insurance.

Some of the most significant changes on Corona virus legislation that are effective for 2022 tax returns are:

1. The standard deduction for single individuals increased to \$12,950. For head of household filers it is \$20,800 and \$25,900 for married filers who file a joint return. An extra 1,400 deduction is available if 65 or older or blind.
2. The age cap on contributing to a traditional IRA has been repealed. The contribution limit of \$6,000 is the same as it was in 2021, with an additional \$1,000 allowed as catch up for those 50 or older, as long as you or your spouse has earned at least that much income.
3. For 2022, minimum required distributions must have been taken for those who are 72 or older.
4. ****Clients who had a casualty loss can deduct the amount of loss sustained due to Hurricane Ida, either as an increase to the standard deduction or as an itemized deduction, whichever is best for you. But, this is for the 2021 tax return, not 2022. If you missed this deduction in 2021, we will need to amend your 2021 return for you to take it. You can't just put it on the 2022 tax return. You will need to give us a detailed listing of the loss. We will need to know what you originally paid for the items lost, and what they were worth prior to the hurricane. We also need a copy of the insurance claim filed if any. We have an excel spreadsheet that we created to help you record your loss to use on the tax return. It is located on our website at larrysincometax.com. Go to the website and click on "files", then "As Seen in our Blog/Newsletter", then click on "Casualty Spreadsheet – Modeled after Pub 584 in excel". Complete it, print a copy and bring to us. You can also refer to IRS Pub 584.**
5. For 2021 and 2022, the business meal deduction has increased to 100% from 50% in prior years.
6. Business mileage deduction was 58.5 cents per mile, 1/1/22 through 6/30/22. After 6/30/22, the rate increased to 62.5 cents per mile. Allowance for medical travel increased to 18 cents per mile and charity to 14 cents per mile.
7. Early withdrawals from IRA and retirement plans will be subject to the 10% early distribution penalty.
8. Don't forget to count any third year income in 2022 from retirement Covid disaster withdrawals made in 2020.
9. Unemployment insurance received in 2022 is taxed completely with no waiver or reduction on any amount.
10. The child and dependent care credit has decreased but could still be as much as \$2,000 for one child and is refundable up to \$1,500 after having first reduced tax.
11. The child tax credit, which is different from the child care credit that was explained above, falls to \$3,000 per child that is 17 or younger. It is \$3,600 for children that are 5 years old or younger. There is a partial refundable credit on the Louisiana return for this federal credit.
12. Once again, we will need to have the 1095-A marketplace insurance statement that the insurance company sent to you. If you did not receive it by the end of January, then call them at 1-800-318-2596 to have them send it to you. We will not call them for you, and if you fail to provide it to us the IRS will delay processing of your return. If you got too much premium advance credit, then it will have to be repaid to the IRS by reducing your refund or increasing the amount of tax you owe.
13. All partnerships that file a federal Form 1065 return must now file a Louisiana partnership return.
14. The IRS is cracking down on Head of Household filing status, especially if it involves large amounts of earned income or child credit. Make sure that if you claim this filing status that you have lived apart from your spouse at least six months or longer and have proof of it. They may ask you to send proof of it, as well as proof that the children lived with you and are your children. If they should ask for the proof, then you send it to them or you forfeit the refund. Should you get a letter from them, it is up to you to do what they ask and send the information to them.
15. If you have other income or retirement distributions that cause social security to be taxable on the federal tax return, then you should ask the social security administration to withhold some of your payment for federal tax.

Please call us to schedule your appointment as soon as you have received all required information necessary to prepare your tax return. Please refer to page 3 of this letter to see the changes on taxes for 2022. We are also enclosing "INFORMATION TO BRING TO YOUR TAX APPOINTMENT INTERVIEW", on page 5 of this letter. If you have any questions regarding this letter, please call us and we will try to return your call as soon as possible to allow you sufficient time to get your information ready prior to your appointment. If you leave a message, be sure to leave your complete name and number.

***Please let us know if your filing status, address, phone number and bank accounts for direct deposit have changed from the last time you came in. Also, be aware that the IRS will likely increase the number of audits they do because the money allocated by Congress to their budget has greatly increased. Be careful to report all income and claim expenses for only the deductions you have proof of. Proof can be cancelled checks, bank statements, receipts, etc.

Please be aware that we are currently concerned with preparing your 2022 tax returns. If you have questions regarding the tax laws that take effect in 2023 or on tax planning, we will be available and will charge for consultation appointments after April 18th. **The space of this letter does not permit the listing of all the tax law changes for 2022.** The tax law changes are some of the largest ever made, and are anything but simple. **The primary changes for 2022 are available on page 3 of this letter. They are also available on our website.** If you read this summary file, you can see that the changes surely did not simplify the tax preparation except for clients who have no dependents and one or two W-2's with no other income.

Also, on our website, we have a file titled "Basis Determination" that defines what basis is and how to calculate it. You need to keep track of your basis on any investments, whether you are investing or own any part of a business. We need to know your basis when you sell an investment. Most, but not all of the investment companies track your basis and let you know how much it is on a tax report they send to you in January or February. Sometimes your basis in the investment is not reported by them; therefore we need to know it because you do not pay capital gains tax on the entire sale price. You get to subtract your cost from sale proceeds to determine the gain.

Last year, many clients thought they made nothing on their crypto currency investments, and when I asked them to get a year end detailed statement, it showed that many of them bought, sold, and exchanged currency for the year thus having substantial capital gains. Many of you do not understand these statements. Many clients said "Oh, but I did not take the money out or I did not receive the money". It does not matter! If your investment company bought and sold investments during the year for you within your account and then reinvested the profit in new investments for you, then you made money, or capital gains profits even though you did not take the money out of the investment. Be sure to bring the year end or "tax-report" from the investment company to us so that your tax return is prepared properly. If you fail to do it properly then the IRS will catch it and send you a letter.

Please stop by our office if you would like to pick up a free organizer to help you gather your information so you do not overlook something that you may need to report. We also have some deduction worksheets that are available for specific occupations, especially the self employed. Additionally, we have some brochures in the front waiting area that are free and are designed to help you assemble your information to have your taxes prepared.

As always, we thank you for your continued patronage, loyalty, and referrals. We have enclosed a couple business cards in this letter for you to distribute to friends or relatives who may be in need of professional tax preparation services. Finally, please leave a review in any of our social media - google, facebook, yelp, etc, - and help us spread the word about our services. Also, please consider seeing Carlos or Michelle, as they are fully qualified to prepare your tax return. I can still prepare your tax return but only if you drop off the information necessary to do it with them.

Sincerely,

Carlos H. Jaubert
Carlos H. Jaubert, EA
Enrolled Agent

Michelle E. Jaubert
Michelle E. Jaubert, AFSP
Licensed Tax Preparer

Larry R. Jaubert
Larry R. Jaubert, EA, MBA, MSAT
Enrolled Agent

INFORMATION TO BRING TO YOUR TAX APPOINTMENT INTERVIEW:

1. Wage and/ or Pension, Social Security, or Unemployment statement — your W-2s or 1099 forms, state tax refund or other income or loss end of year statements, Gambling Income and losses (W-2 Gs) (if you won, obtain loss statements from the casinos).
2. Interest, Dividend or Investment Income end of year total earnings statements — 1099s or K-1s from bank or investment firm. If you sold stocks or investments during the year, we need to know when you originally bought the investment and what you originally paid for it, if you reinvested earnings, as well as date of sale and amount you sold the investment for. The IRS will send notices of balance due as a result of neglecting to report this information without giving you credit for what you originally paid.
3. Self-employment income and expenses (please total the expenses by category types, as we charge bookkeeping fees if we need to do this), business mileage logs or totals. If office in home, we need to know the total electric, gas and insurance for year. Also, the square footage of office area and entire living area of house, as well as purchase price of house, major improvement costs, plus any repairs or maintenance for year on house.
4. Rental Income and expenses (total your receipts by types of expenses, mortgage interest, insurance, repairs, utilities, etc.).
5. **Alimony paid or received during the year for divorces prior to 2019**, include the name and social security number of recipient.
6. Purchase or sale of residential house, rental, investment, or business property. Please bring the HUD statements.
7. Medical expenses totaled by type of expenses paid by you out of pocket: Doctors, Hospitals, Clinics, Eye care, Dental, Medical Insurance (not pretax), Mileages for medical care.
8. Property tax paid. State withholdings we can obtain from your W-2. Estimated state tax paid for 2021. 2020 state tax paid.
9. Charitable donations, check donations and non-cash donations such as value of clothes to Goodwill, Salvation Army, etc. Mileage for charitable purposes. You must keep receipts for your records (cancelled checks or donation letters). Undocumented donations are not deductible.
10. College and vocational education expense for tuition and fees and supplies, student loan interest for Federal return Children's Private tuition, uniforms, books and supplies are deductible (grades 1 thru 12) for Louisiana state.
11. Mortgage Interest (1st, 2nd, Home improvement, or points paid). Mortgage insurance premium, Investment interest.
12. **Work expenses and other miscellaneous deductions are not deductible in 2022 except for the self employed or owners of an LLC, Partnership, or Corporation.** Some of these expenses would be professional dues, required work supplies, work tools, and required use of vehicle (calling on clients or for other business trips). You may give us mileage information totals as to total business miles, commuting miles, personal miles used or an actual completed log. You must keep a completed log for at least 3 years to prove it. us. If claiming actual expense, we need to know whether you are buying or leasing, purchase date and price as well as yearly totals for gas, repairs, maintenance, insurance and loan interest. We still need the mileage information. Also, did you receive any reimbursements from the customer that you are not including in income? For business meal deductions, you must have receipts that have 5 items recorded on front or back of receipt. These are the date of meal, place of meal, whom meal was with, purpose of meal, and amount spent on meal. No more deductions are allowed for entertainment.
13. Child care expenses paid to day care providers including the provider name, telephone number, address, and tax ID number.
14. Form 1095-A from Louisiana marketplace insurance provider. Please do not misplace it.
15. List of estimated tax payments to Federal and State showing dates and amounts paid towards 2021.
16. Social Security Card and Picture ID or Driver's License, if claiming EITC and/or Bank Products. Also Social Security Card and Birth Certificate as well as PROOF the child lived with you in 2021. IRS REQUIRES THIS.
17. Any other information in regards to income that you earned or expenses that you believe to be deductible. Please ask us about it or show us the information during your tax appointment. It is better to ask now than to get a letter from IRS in 1-2 years. You must save all of your receipts, cancelled checks, credit card statements, and other proof of deductions you claim for a minimum of three years. Vehicle mileage logs should be completed during the year to prove the business mileage and usage of the vehicle for which vehicle expenses are claimed. PLEASE MAKE YOUR TAX APPOINTMENT EARLY.

Call us or pass by, prior to your appointment, if you would like a free organizer to help put your information together. Please go to our website, at larrysincometax.com under Files, Tax Newsletters. Also refer to the page 3 of this letter referring to the changes in tax that were passed by the Corona Virus legislation.