

in this issue >>>

IRS updates

New Staff

StanLee's Corner

Retirement Updates

Business Corner

Office Updates



Ledger Rite's Annual Newsletter Update

# Tax Class 101

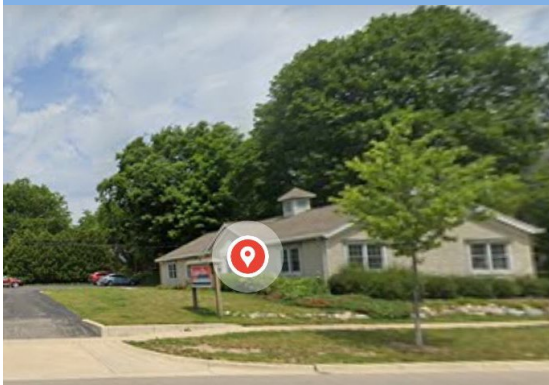


current topics >>>

## New faces in our office AGAIN... Yep again..

We are happy to **Welcome** new employees to our office. Sad to let you know that two previous employees took a new path in 2022.

Please Welcome our new payroll specialist Ms Carla and our new Data Entry gal Ms. Angela. Please feel free to introduce yourselves and if you have any questions about either service please let us know. 😊



## IRS Updates 2022

### Personal Returns 1040!

Welcome to tax world 2020 – The IRS has rolled back all of the tax breaks (what they considered breaks 😊 for the Covid write-offs) Only forward movement is the standard deduction as it continues to increase slightly (see below) Let's look at a quick review of 2020 tax write-offs and 2022 new changes

#### IRS expects to **open E-File Jan 27, 2023**

(HEY this will be similar to last year) However all forms will not be available, so small business will be delayed a week. **Reminder:** Previous years will be open – so if we need to amend or file, we will have access

Student Loan deduction is still maxed at \$2500

Teacher credit is still available at \$250 for funds spent

Life Time learning credit still avail up to \$2000 off AGI

#### IRS has rolled back **Child Tax Credit**

0 – 16 years \$2000

With phase out MFJ \$400,000

17 and up \$500

#### **Child Care Credit** has been rolled back 20%

up to \$3000 per child not to exceed \$6000 for

#### **Earned Income Credit**

Has stopped for individuals with no children. Tables have Qualifying Child or with Qualifying Children -with phaseout starting at \$19520 and no credit over \$48108. Investment income now counts towards credit

College Students can still qualify for **American Opportunity Tax Education Credit**, The \$2500 credit can be applied to tax debt amount with Phase out for higher AGI, 4 years of credit is avail. If no tax debt only \$1000 is refundable. **Remember 1098T** (proof of Tuition) requirement to file for Credit. If College savings accounts are used 1099G and detailed expenses are required.



# IRS Updates 2022

## Personal Returns 1040 cont...

### Tax Changes:

Standard Deduction:

S - \$12950

MFJ - \$25900

MFS - \$19400

\*\*senior advantage +1400 per

No Home Office write-offs  
for W-2 employees .. No Help !!

Charity Front page write-off  
GONE .. Sch A limitations only.  
Mileage for Charity is still \$.14  
\*\*See Retirement Note below

SS still taxable up to 85% - No  
Change

Capital Gains - Slight change -  
(Build Back Better Plan) 15%  
with higher income subject to  
28%

### IRS opens portal on their website for Taxpayers

IRS is trying to give  
you online support. So  
a new portal to your  
tax records has  
become available for  
everyone..

It is not super easy to  
setup, but it will give  
you access to account  
balances and tax  
records. Payments can  
also be made on that  
portal (of course)

<https://www.irs.gov/payments/your-online-account>

## StanLee's Corner

### Advice from a Schnauzer:

-Greet your friends and family like they are the  
most important people in the world.. Don't  
complain to the Tax Preparer about Taxes

-Be Loyal - Pay your taxes

-IF IT IS SOMETHING YOU WANT, chase  
it BUT pay your taxes when you catch it

-If you don't respect them, Pay anyways

**-Protect your home** - Best asset no capital  
gain tax - Pay your property taxes -

### **Dogs need homes**

-Bark Loud, show your teeth - But Play  
nice so you don't get more taxes.

**-Nap, play and be joyful there  
is no way out of taxes !!**

## Retirement Updates:

### Couple of Issues Just to Highlight:

**Required Min Distributions (RMD) from Retirement  
accounts are required at 72 - IRS revised the life  
expectancy tables and good news your going to live  
longer :P - Change from 2020 to stay in effect.**

**Charity can be directly given through your IRA/401  
and count towards your RMD for the year it's given in.**

**Lots of conversations this year about Conversions to  
Roth with regards to taxing retirement funds during  
this lower tax season (8 year Tax Plan from Mr.  
Trump) Congress will soon take up the Tax Law 2025  
and who knows what rate we will see ??**



TAX ADVICE



THE  
ACCOUNTANT

## From my Desk- Corp updates

**Entertainment is still out.. But IRS decides that Meals will get a boost all Restaurant receipts will be 100% write-off for Companies in 2022 2023 will go back to 50% write-offs**



*Bad News!*

*More IRS audits expected*

### Corp Reminders:

- S-corps - Profit pass through to your personal.
- Reasonable Comp has to be considered.
- QBI Credit is still available for a deduction on your personal.
- Payroll (W-2 is now required- Exempt Rental activity)
- Retirement accounts can be setup to defer income.
- S-Election can be terminated for a standard Corp.
- Profit is considered as dividend and can be distributed to owners, no double taxation.
- Election must be made by March 20 for current year

## Business Corner

### Mileage Expense deduction for Businesses

New Mileage Rates for 2022  
Jan – June 2022 58.5c per mile  
July-Dec 2022 62.5c per mile

2023 will see 65.5c per mile

Other Company items:  
the IRS is now concerned about Note Payables To and From owners. Personal funds being used in the business  
Remember **Keep it Clean.**

NOW anything over \$25,000 requires a Promissory Note signed by the owner To or From the Corp.

More Legal Stuff

## TOP 10 IRS Audit Areas >>>



1. Travel
2. Mileage/Personal Use (Full use of company vehicle must reflect in W-2)
3. Income Proof (Bank statements must be kept with check copies preferred)
4. Credit Card Expenses (credit card statements must be kept with Receipts)
5. Meals – Out of office vs On location for employees
6. Amazon !! (Costco/Sam's) Keep receipts they are checking them!! Buy everything type of store
7. Clothing – Only Business required !! Put company name on.. Golden
8. Owners Notes to their company.. Any funds withdrawn for personal items are subject to second tax. Pay yourself .. Keep your company CLEAN
9. Gift expense to others LIMIT \$25 Very Unreasonable but in writing ☹️
10. Quarterly Estimates – MI CIT

**IRS adds new form:**  
**IRS adds new form 7302 which will attach to your personal return to show Basis in your S-Corp. This form is designed to limit losses from your S-Corp to your personal. IRS says losses are passive and are subject to passive loss limitations.**

**Michigan Passes legislation on 12-20-21 that gives the S-Corp new tax status with the State. Now you can opt-in to pay state tax from the corp bucket and take the write off on your personal.**



# *final thoughts...*

## **From Our Office:**

Thank you for scheduling your appointments early. Cindy and I are doing our best to work everyone in. Remember if Sick please cancel and we will work hard to fit you back in.

Thank you for patience through out our busy season. We both look forward to seeing you!

Parking is limited but we Love our parking lot



See you soon *Karen*



**Stay Tuned >>>**

*Currently Congress has not extended tax breaks- Corp had more cuts than personal taxes –*

*Stay Tuned ..  
MORE to come 😊*



Life is better  
with a Schnauzer

**LEDGER RITE**

200 W Michigan Ave  
Saline, MI 48176

Contact us at **734-429-3751**

[www.ledgerrite.com](http://www.ledgerrite.com)

Email: [Ledgerrite@aol.com](mailto:Ledgerrite@aol.com)

### **Updates:**

**IRS requires that we again ask for ID – especially if you are new to us for the efile system**

### **Also IRS states:**

**We need you to sign the e-sign form for our records.. Making sure we are getting your approval. So Look Out we are going to get more forceful .. Remember you can always take a picture with your phone and send it to our email – Block you SS# and shoot away..**

**Your Cooperation is always appreciated.**

**Thanks again**