

## Happy New Year & Hello 2023!

As we reflect on the past year, we cannot help but feel encouraged that life may finally be gaining some normalcy again. The last 3 years have brought many challenges in both the personal and work lives of us all, and we would not be in the place we are without the tremendous amount of support from our families, friends, and most importantly, our VDTA clients. That support has left us revitalized in what we do, and we are ready to serve for another great tax season!

## What's Coming in 2023

For many, 2021 tax return results may have been different in comparison to prior years' returns. Advanced child tax credit payments, higher than usual capital gains on some investments, and various COVID relief measures were among some of the many factors that affected those tax returns. While some of those changes remain in effect for 2022 tax returns, others have reverted closer to what we are used to seeing. Here are a few things we have found that deserve our attention:

- ▶ **Advanced Child Tax Credit Payments:** There were no advanced monthly child tax credit payments issued during 2022. The child tax credit amounts have also gone back to \$2,000 per child (versus \$3,000) and children over the age of 16 (versus 17) will not qualify for the credit once again on 2022 returns.
- ▶ **1099-K Reporting:** If you used a third-party payment processor, such as Venmo, Square or PayPal, to receive payments for goods & services, and those payments totaled over \$600 in 2022, you will likely receive form 1099-K this year. This is a big change from the prior threshold of \$20,000 and 200 transactions. If you receive a 1099-K, we will need to verify if those payments were for personal transfers or business transactions to determine how they need to be reported on your tax return.

- ▶ There is no longer a deduction of \$300 for charitable donations that applies to everyone—only those that itemize are eligible for a deduction this year.

## On a Brighter Note...

- ▶ K-12 educators can deduct up to \$300 in out-of-pocket expenses versus the \$250 that it has been in the past.
- ▶ The Residential Energy Credit has been extended through 2022. If you have made any energy-efficient improvements to your home during 2022, you may be entitled to claim a portion of the credit. Improvements may include hot water heaters, windows, roofs, solar panels and more.
- ▶ Thanks to rising gas prices, the IRS increased the mileage rate mid-year to help taxpayers. From Jan 1<sup>st</sup> to June 30<sup>th</sup>, the mileage rate is \$0.585 per mile and from July 1<sup>st</sup>-Dec. 31<sup>st</sup>, the rate is \$0.625 per mile. Giving us the number of miles driven will be the easiest way for us to calculate this accurately this year.
- ▶ Some Premium Tax Credit changes for those enrolled in Marketplace health insurance that were enhanced for 2021 are sticking around for 2022, such as removal of the income limit. Unfortunately, the relaxed requirements for those that received unemployment compensation were not extended.

## Tax Return Fees

VDTA prides itself on pricing our services as low as we can, but the simple fact is, tax returns take almost twice as long to complete as they did 3 years ago. Due to the increasing complexity of tax preparation combined with the steadily increasing cost of doing business, we have made a small

increase in our preparation fees this year. We are still priced well below the national average of \$220, and, be assured that we have done everything in our power to keep this increase to a minimum.

## Changes in the Office

For the 2023 tax season, there will be a few noteworthy changes in office policy and procedure to accommodate our growth and staffing.

To keep the quality of our services for new and existing clients as high as possible, traditional sit-down tax preparation appointments will be limited this year. We are encouraging returning clients to take advantage of our Drop-Off tax preparation service in lieu of this.

For those that have not done a drop-off before, it is where we have clients either drop off their documents, or upload them to our secure portal, and further communication is handled via phone or email to complete the tax return. In the past, some drop-off returns have taken longer than we would have liked to complete, but with a new procedure in place, we are projecting the completion timeframe to be two weeks from the date we received the documents. Here is how it will work:

1. Client drops off/uploads tax documents
2. For drop-offs received Monday-Wednesday, a follow-up will happen during the following Monday during a preset timeframe. One follow-up may be all it takes for some and for others, this will be a time to go over missing information.
3. If the drop-off is received Wednesday-Saturday, a follow-up will be scheduled for the following Tuesday or Thursday.
4. The drop-off should be completed within 2 weeks of receipt and ready to sign for!  
\*There will be some exceptions to this procedure, but we are confident that this change will work well for most.

Because our schedule will be tighter this year, the availability of someone to immediately respond to follow-up communication outside of those

predetermined worktimes will be limited. We will also no longer be offering scheduled drop-off appointments as we have in the past. If you need to talk to a preparer about a return you are dropping off, we will ask that you note that information on a drop-off intake form or portal message, and we will follow up as quickly as we can before the preparation starts.

If you would prefer an in-person preparation appointment, you can schedule that either on our website, [www.vdtapro.com](http://www.vdtapro.com), or by calling the office at (616) 840-6352 or email [info@vdtapro.com](mailto:info@vdtapro.com). Our online calendar will be posted by the second week of January and appointments will begin January 30<sup>th</sup>, 2023.

## Our Secure Portal & Remote Services

Beginning in January 2022, we started using a secure online platform to document-share and we will continue using the same platform in 2023. **We do not want anyone emailing any sensitive documentation to us!** The portal does require the extra step of logging in, but with the rise of information theft through email, it will be critical to avoid sending any sensitive information to us through email. **The portal can be easily accessed from the link at the top of our website.** To gain access to your client portal, simply send an email to [info@vdtapro.com](mailto:info@vdtapro.com) or give us a call!

We can't wait to kick off this tax season with you and hope you all enjoy the new year! Don't forget to check our website for checklists, tax resources & appointments! As always, thank you for being a VDTA client!

Sincerely,

*Becky VanDort*  
& The VDTA Team

Becky VanDort, EA



A quick note: Business owners- VDTA files

1099s! The process is simple and easy and don't forget, they are due to be mailed by January 31, 2023!

January 2023



\* **1099-K Update:** After this letter went to print, the IRS announced that the threshold for 1099-K reporting would not be reduced until 2023. 2022 will be used as a transition year. If you receive a 1099-K, additional reporting may be needed.