



SSTAR Services
4266 Gem Avenue
Castro Valley, CA. 94546

Phn:(510) 583-8035
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www.yourtaxreturn.com

Accounting, Real Estate and Tax Services

Items to be Aware of for Tax Seasons Present & Future

1) **CA Middle Class Tax Refund** - If you filed before February 11 and the CA MCTR is listed on 1040 Line 8, send me an e-mail (stacyspink@sbcglobal.net) and I will file an amended tax return. No charge and no need to visit.

2) If you do NOT get my mailing next year by January 15th, download it from the web site or e-mail me (stacyspink@sbcglobal.net) and I will send it to you. Please do not call me in April 2024 to tell me you did not get it...

3) Please **TALK TO ME** about your post-season tax concerns. Starting a new business? Taking money out of retirement before age 59 1/2? Please discuss these major decisions with me before executing them. I can help!

Example - A client just called me about taking \$28K from a retirement plan to pay credit card debt. It would have cost them \$13K in taxes. Glad they checked in advance. I told them to stop making contributions to the 401(K) and use that money to pay down the credit cards. A much less expensive solution.

4) **NOT SURE** about something on your 2022 return? Ask me NOW. Don't wait until the busy part of next tax season. I cannot respond to prior-year tax issues when I am inundated with current-year tax preparation.

5) Stacy & Stacey Celebrate Their 30 Year Anniversary! Yes, I started doing her tax return when she was 16 and I just prepared her return for the thirtieth time! (I promised her I would mention this). The cake slice will be mailed separately ☺

6) **Keep a short "tax leash" on your 18-23yo "kids"** - Several of them went out and filed their own returns, thinking they know what they are doing (they don't). They did NOT check the box "claimed as a dependent on another return". This made them eligible for the state EIC and so they got a couple of hundred dollars more. The problem is - it cost you the dependency exemption (\$925) PLUS it could change your filing status from HOH to Single (costing you up to \$5,000). Advise your "adult" children accordingly. Takes months to fix when I can fix it. Under the current tax code, dependency does NOT automatically end at age 18.



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- 7) **PERMANENT** tax law changes that started in 2018 (will not expire in 2025)
1) No penalties for not having health insurance (please stop sending me 1095-B and 1095-C) and (2) Alimony non-deductible for separations after Dec 2018.
- 8) **If You Start a Corp or LLC** - Download a "New Business Worksheet" from my web site (yourtaxreturn.com) **immediately** and send the completed form to me. These returns take a long time to initiate and are due **MARCH 15th** (not April) and I need to file extensions for these type of returns early in the tax year. Once the "busy" season starts (February) I won't have the time to set these up.
- 9) Tax Return are due April 15th - **but income taxes are due when the income is earned**. If you wait until you file to pay, owe a substantial amount, and you do not pay 100% of the prior year's tax amount or 90% of the current year's tax, you will be penalized - not for filing late, but for paying late. Plan ahead.
- 10) **Paypal / Venmo / Zelle / E-BAY Reported Transactions**. We have all heard the rumors about getting a tax form next year if you receive over \$600 from these sources. The impact of this is still being discussed and the law might be amended (it was passed but suspended for 2022). I will advise in next year's pre-season newsletter how to handle this. Still a work in process...
- 11) **#1 W-4 MISTAKE - STILL**. Married persons, when both spouses work, claiming "Married" on their W-4 and DE-4 payroll withholding forms. Only check this box if you have a non-working spouse with zero income. Otherwise, you are each claiming yourself and your spouse, and that's four people total.
- (a) Are you putting money into deferred compensation (a retirement plan)? Great. (b) Do you have 3 month's living expenses in the bank to cover short-term emergencies? If (a) is "yes" and (b) is "no", why plan 30 years ahead but not 3 months ahead? If you have a financial emergency and no short-term savings and raid your retirement fund before age 59 1/2, you will lose 1/3rd to 1/2 the amount you withdraw. Don't let this happen to you!
- Disability** - Is not considered income and is not taxable. No tax forms for this.



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12) Taxpayers continue to **UNDERESTIMATE** their income for CoveredCA and other subsidized health insurance. This means their credits are overpaid and they have to pay them back when they file. Kills refunds. **OVERESTIMATE** your income on your health insurance app and this will not happen. Update your CoveredCA application if your income increases during the year.

13) **Getting Married?** - Please look on my web site "yourtaxreturn.com" under "General Topics, Filing Status". Learn how it will affect you. Second, do **NOT** change your W-4 to "married" **UNLESS** your spouse has zero income. Checking that box says you have a non-working spouse, which is not true for most folks.

14) **Union Dues** - The lies never stop. Form 2106 (Employee Work Expenses) was written out of the tax code in 2017. Even before that, you had to do the long form **AND** they needed to be at least 2% of your income (which applied to maybe 1 in 300 taxpayers) to get the smallest of deductions. This lie is being repeated by union bosses to this day. There is **NO** deduction for union dues.

The Test - Bring me your federal tax return (or anyone else's) and \$5 and show me the deduction for union dues on the return. I will do your return for free next year if there is a legitimate deduction for union dues on the return.

15) **Worst Way to Take Retirement** - All at once. The whole reason you started that 401-K thing was to avoid high taxes now and pay lower taxes later, right? So don't take it all out over short time period - you'll put yourself right back into that high tax bracket you were trying to avoid. Put some \$\$\$ in an accessible account first before you put \$\$\$ in one where it's locked for decades.

Exempt for 1 or 2 checks? - All of your W-2 income is taxed, whether you earn it in June or December. Pick a W-4 status that works and **LEAVE IT**. Once again, folks went exempt for one or two periods - forgot to change it back - and owed thousands. Plus with the new tables, skipping taxes for even one period can cause you to owe at year end. Please don't do this...



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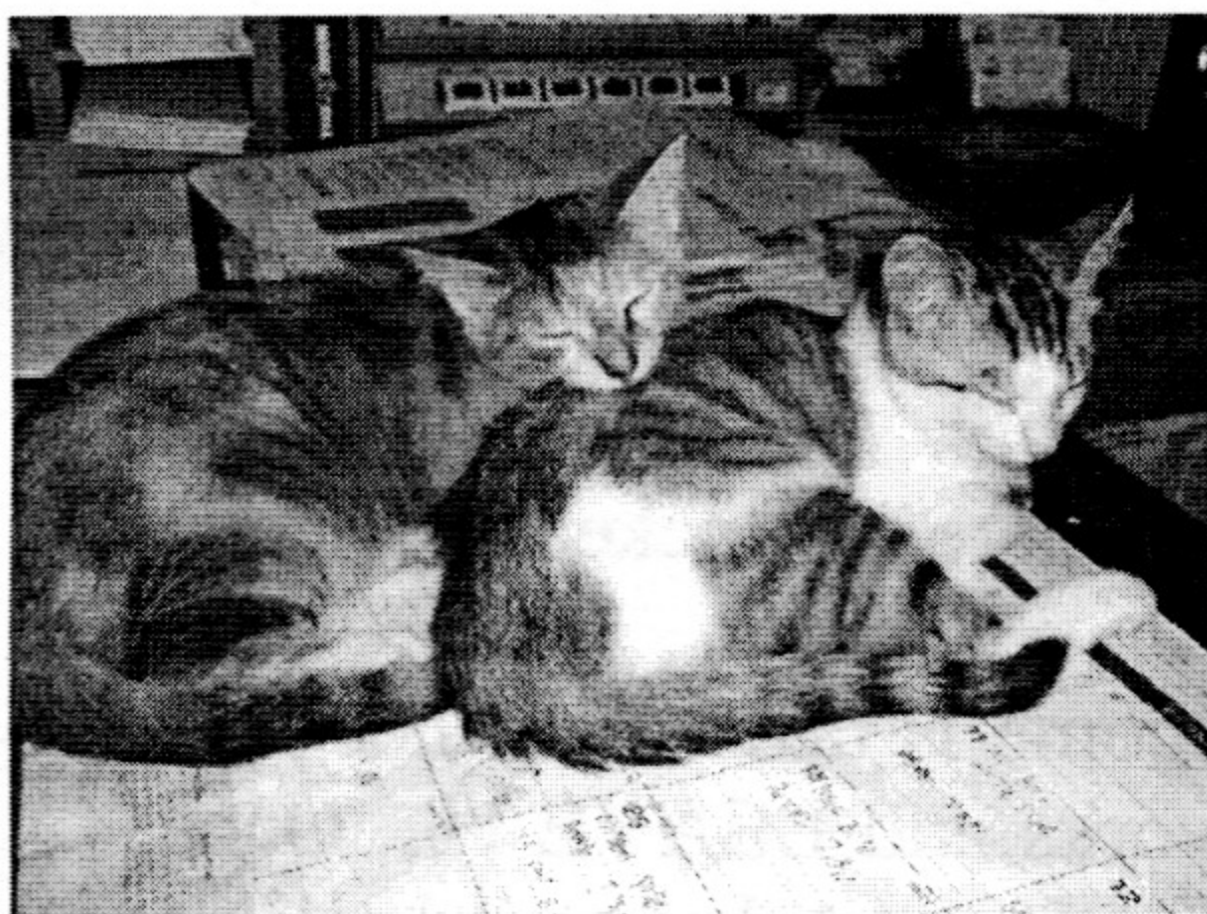
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A Warning about 1099-NEC vs W-2 (W-4 vs W-9) - If your (potential) employer gives you a W-4, you are an employee. Fine. If they give you a W-9, they are making you a self-employed business owner with NO taxes withheld AND you will pay all of the payroll taxes normally paid by the employer - in addition to the regular income taxes. Be aware of this! If an employer tries to misclassify you (make you a contractor when you are not) do not let them! A W-9 (in the eyes of the IRS) means you own and operate your own business.

IRS Notices - #1) The IRS will never initiate contact by phone. All phone calls about tax debts are bogus. Just hang up. **#2)** The IRS will mail you notices about tax issues. If you get one, e-mail or fax me a copy of the letter and I will deal with it. Don't call me first because it's a wasted phone call - I need to see what the issue is in order to address it.

16) Want to make tax time easier to yourself - and me? Did a worksheet not make sense? Was an instruction not clear? I saw a couple of instances this year where I could have worded something better and I will implement those changes for next season. Send me an e-mail (stacyspink@sbcglobal.net) and let me know what was lacking for you and I will do my best to make it better for 2024.



OK, that's the problem with the post-season letter - I want to get it out early, but I keep adding to it. Enough, it's done, here we go. Its also time to feed Ms. Kay again. Seems like it's always time to feed her - the girl eats a lot for a senior. And if it is taking me longer than usual to complete your tax return, it's probably THEIR fault. How can I get any work done with a desk full of cats?

Stacy Spink, SSTAR Services