

Happy New Year!

As we end 2022 and are on the horizon of a new year, we hope you have taken some time to reflect on the wonderful things you have accomplished over the past year, celebrated the accomplishments of those around you, and have begun goal setting for 2023. We thank you for the continued trust you place in us and wish you a successful and prosperous new year!

While congress has been relatively quiet on the tax front this year, we have implemented significant changes within our firm to help us serve you better.

Engagement Letters

Please Download, Print, Fill Out and Sign our Engagement Letter.

Return this letter with your tax information for each tax return that we prepare for you.
We cannot begin work on your return until we have a signed Engagement Letter.

www.hinesandcompanypc.com/forms

Hines and Company Deadlines

To assure that your returns are completed on or before the due date, we must receive substantially all of your information as follows:

February 10th – Partnership, S-Corp Returns

March 10th – C-Corp, Individual & Trust Returns

Additionally, if we are missing information for your return **10 days** prior to the return due date, your return will be extended and completed after the deadline. This allows ample time for us to complete your return accurately.

Changing Faces at Hines and Company

All have played a very important part in keeping our firm running and will be sorely missed! We wish them all the best in the new chapters of their lives!

Jennifer Garren – Jennifer retired after over 14 years with us to spend more time on her family's farm.

Margaret Duncan – After almost 24 years with us, Margaret has moved into retirement to spend more time being "Nana".

Adrienne Duncan – Adrienne, who was with us for about 11 years, has decided to pursue her dreams, and what she went to school for – film production.

Andrea Uselton – Andrea, who spent over 10 years with us, is leaving public accounting and will be helping her husband in his business.

New Client Portal and Postal Service Woes

Last year we made the decision not to mail returns, etc locally as we had clients who had experienced delivery issues of time-sensitive personal information. In addition to new tax software this year, we decided to move to a client portal for receipt and delivery of tax documents, returns, etc. Our new client portal will replace Citrix Sharefile and emailing tax information. It will also be how e-signature documents will be delivered. The portal is still being set up, and once it is operational, emails with more information will be sent to all clients for whom we have email addresses. Please make sure we have your current email address(es) on file so we are able to contact you with information on how to set up the portal on your end.

Our decision to move to a portal system was reinforced recently when we were told by the station manager of our post office that due to staffing shortages, the delivery route for our office is being broken up and added to other routes, but until they get the kinks worked out, our route will only be delivered as time permits after other regular routes are delivered. We are working on a solution with the station manager to make sure we receive mail timely as much of the information that we receive is time-sensitive.

As a reminder, we do have a PO box - PO Box 11447, Knoxville, TN 37939 – for anything that does need to be mailed.

Is the IRS Still Broken?

While the IRS has made great strides toward getting caught up after COVID shutdowns, they are still months behind and they are still answering less than 10% of calls, which makes it very difficult for the general public as well as tax professionals to resolve issues within a reasonable amount of time.

We continue to do our best to answer questions and advocate for you, however working with the IRS is taking longer and longer, and it doesn't seem that there is an end in sight. We know that it is extremely frustrating, but please know we are doing everything we can under the circumstances.

Identity Theft and Security Measures

Due to an increase in occurrences of identity theft, please be aware that if you call our office to request additional copies of past year tax returns, we will need verification of your identity by asking a series of questions. While we realize many of you are long-time, loyal clients that are recognized by our staff, you may encounter staff by phone that does not know you. Please be patient as this measure is strictly to protect you and your identity.

Additionally, we provide a copy of your return upon completion each year which we encourage you to keep in a safe place. You can access our retention guide here: <https://www.hinesandcompany.com/retention-guide>.

Virtual Currency

Many taxpayers are using Bitcoin, Ethereum, Ripple and other virtual currencies/cryptocurrencies to buy goods and services, and other taxpayers are using virtual currency as part of their overall investment and portfolio strategies.

With the growing popularity of virtual currency transactions and the need to ensure accurate tax reporting, the IRS has made the topic one of their compliance priorities. In recent years the 1040 includes a question on virtual currency on the top of page one, giving a clear indication that crypto asset reporting is top of mind for the IRS. Also, congress has recently passed legislation requiring changes in crypto asset reporting by brokerages for the 2024 filing season (2023 returns).

While the IRS is clear that virtual currency is treated as property for federal income tax purposes, other questions remain for more nuanced situations. As this area continues to evolve and more taxpayers are impacted, we are watching for more guidance and clarity on how the IRS expects virtual currency transactions to be treated.

Life Events

Life events can have a significant impact on your tax liability. For example, if you are eligible to use head of household or surviving spouse filing status for 2021 but will change to a filing tax status of single for 2022, your tax rate will go up.

If you married or divorced during the year and changed your name, you need to notify the Social Security Administration (SSA). Similarly, the SSA should be notified if you have a dependent whose name has been changed.

A mismatch between the name shown on the tax return and the SSA records can cause problems in the processing of tax returns and may even delay tax refunds. Let us know if you have been impacted by a life event, such as a birth or death in your family, the loss of a job or a change in jobs, or a retirement during the year. All of these can affect your tax situation.

2022 – 2023 Key Numbers

STANDARD DEDUCTION		
	2022	2023
Single	12,950	13,850
Married Filing Jointly	25,900	27,700
Head of Household	19,450	20,800
Married Filing Separately	12,950	13,850
Extra for Age or Legally Blind	1,300/1,650	1,300/1,650

QUALIFIED RETIREMENT PLAN CONTRIBUTION LIMITS		
SUBJECT TO COMPENSATION LIMITS		
	2022	2023
401(k), 403(b), 457(b)	20,500	22,500
50+ Catch-up Contribution	6,500	7,500
SIMPLE IRAS	14,000	15,500
50+ Catch-up Contribution	3,000	3,500
SEP	61,000	66,000

HEALTH SAVINGS ACCOUNT (HSA)		
	2022	2023
SELF-ONLY COVERAGE		
Minimum Deductible	1,400	1,500
Maximum Out of Pocket	7,050	7,500
Contribution Maximum	3,650	3,850
FAMILY COVERAGE		
Minimum Deductible	2,800	3,000
Maximum Out of Pocket	14,100	15,000
Contribution Maximum	7,200	7,750
Age 55+ Catch-up Contribution	1,000	1,000

INDIVIDUAL RETIREMENT ACCOUNT (IRA)		
SUBJECT TO INCOME LIMITS		
	2022	2023
Under Age 50 at Year End	6,000	6,500
50 or Older at Year End	7,000	7,500

As always, we appreciate each of you and the trust you place in us!
We look forward to continuing our relationships in the New Year!

*This newsletter is designed to provide general information regarding the subject matter covered.
We advise you to speak with your tax advisor about how this general information may apply to your particular situation.*