



CPA Academy Resource

Three Tools to Reduce Poverty and Strengthen Communities

How helping families get stronger financially is good for the world, your community and your practice!

With Debbie Todd, CPA, CTP, GGMA, CFEI - Women in Accounting Series



CPAacademy.org

COMPLIMENTARY CPE WEBINARS

Three practice-enhancing questions for your Tax Organizer or Client Interview

- 1) Choosing your financial professional is very personal – it's like choosing your doctor. What criteria are most important for you for this important relationship?
- 2) Each client / business has unique circumstances within their industry, region or personal life that may impact their goals and objectives. Are there any other items you wish for us to discuss together?
- 3) We anticipate or are considering changes next year – which may impact our tax return / goals and wish to discuss the tax implications of those changes (please list expected or considered changes)

You can also add a question on strategic planning – out to 5 years. See example of page 5 of the Triage – New Client Profile.

Email or Newsletter Template (Summer 2022)

(Adapt to your client base - roughly 50% of mine is Pacific Northwest focus)

Header: 1099-K Update, S Corp "SALT" Alternative, Inflation and Interest, Q-4 Tune-ups

Body:

Dear iCompass Tax Family Members,

I hope you are enjoying the summer weather and spending some quality time with loved ones and friends...fall will be just around the corner! 2022 continues to be a year of change and opportunity...

1099-K Update – as shared earlier, there has been tremendous focus nationally to reduce the reporting level for small businesses from payment processors (PayPal, Venmo, Cash App, etc) from \$20,000 or 200 transactions annually to *\$600 annually with no transaction limit*. Remember this is for business transactions and should exclude personal cash transfers – however, fellow tax pros are wondering just how this change, if adopted, will be rolled out.

Such changes could come in the upcoming Inflation Reduction legislation or when Congress prepares it's next omnibus funding bills for 2023. For our small businesses, remember that the best strategy is to assure your records are accurate and detailed.

Inflation and Interest – Inflation rose higher in August – to 8.3% (down from 9.1% in June) and the Fed is suggesting that another rate hike may be needed. While everyone is taking steps to manage costs while the supply chain shortages continue, we are still feeling the pinch as costs continue to escalate. Feel free to reach out if you are planning on personal or business activities which may need loan funding.

S Corp "SALT" Alternative – Oregon established an elective Pass-Through Entity Tax (PTE-E), a business alternative income tax in response to the \$10,000 cap on the federal State and Local Tax (SALT) deduction added in the 2017 federal Tax Cuts and Jobs Act. Here's how it works

1) Q: What is the PTE-E Tax?

A: For Oregon tax purposes, income and losses of a PTE are passed through to its members/owners. However, for taxable years beginning on or after January 1, 2022 certain qualifying pass-through entities may elect to pay a PTE-E Tax on the sum of each of the member/owner's share of distributive proceeds. The member/owner(s) may then claim a tax credit for the tax paid by the PTE on their share of distributive proceeds.

For our S Corp members, let's chat about this opportunity and see how it can benefit you. You can learn more here: <https://www.oregon.gov/dor/programs/businesses/Pages/Pass-Through-Entity-Elective-Tax.aspx>

Q-4 Tuneups – available earlier this year. Due to the volatile markets, interest and other financial factors in 2022, several clients have asked for earlier and more frequent touch-base meetings, rather than wait until Q4. Please know I am here to review your financials, discuss business expansion or a major decision or simply just chat about how the current economic conditions are affecting your goals for the year. Just schedule a time and we'll connect.

Again, I hope you are enjoying these last days of summer. I am thankful you are part of the iCompass family and look forward to connecting with you soon. Be safe and healthy!

Yours in Money Wellness,

Debbie

Bonus: FinLit Summer Tip for Kids – While out and about with your youngsters, you can help them learn smart money skills by having them help make purchasing choices. Low-stake choices like helping pick out food at the grocery store or asking them to calculate how much dinner out costs will teach them about key money functions.

Email or Newsletter Template (December 29, 2022)

Header: Money Nuggets from \$1.7 Trillion Omnibus Bill passed, IRS Delays 1099-K, Q-4 Tune-ups and 2022 Organizers

Body:

Dear iCompass Tax Family Members,

I hope you had a wonderful Christmas and feel ready and prepared for the opportunities 2023 will bring! 2022 sure has been eventful. Many have called, texted or emailed about the Omnibus spending bill that was working it's way through Congress last week – and what nuggets it may hold for all of us. Well, here you go!

Omnibus Spending Bill – Yes, there are areas of discretionary spending that are surprising many of us. However, a few key nuggets will help you, your employees and friends and family increase savings – some automatically. I am excited about the auto payroll deduct option for emergency fund savings! More provisions allow for greater retirement contribution options as

well as rolling over unused 529 college funds – with limits and exceptions. See the details below and let me know if you have any questions!

Improved Savings

- \$2,500 emergency savings by Payroll deduction
- Withdraw \$1,000 for emergency exps without 10% penalty
- 529 Plans – tax and penalty free rollover to Roths from unused 529s that are 15 years old – limits apply

RMDs and Catchups

- RMD start date
 - 73 in 2023
 - 75 in 2033
- Catchups
 - +\$6,500 over age 50
 - +\$10,000 for savers age 60 to 63 in 2025
 - Indexed for inflation

Federal Match for Low Income Savers

- 50% for \$2,000 contrib.
- \$1,000 max match
- Phaseouts
 - MFJ \$41,000 to \$71,000
 - Single \$20,500 to \$35,500
 - HofH \$30,750 to \$53,250
- Helps as current tax credit non-refundable
- Effective 2027

[Secure 2.0 Retirement Savings](#)

IRS Delays Implementation of the new 1099-K reporting thresholds for 2022 to avoid confusion. As shared in the September newsletter, it appeared that the reporting threshold for receiving 1099-Ks for small businesses, including gig workers, would decrease to \$600 annually without any transaction limit. (Currently \$20,000 / 200 transactions)

Although the measure was passed, the IRS just released that it would not be implementing these reporting requirements for tax year 2022. Now, we fully expect the lower standards to be implemented soon, but will keep you posted once the final IRS guidance comes out.

Q-4 Tuneups – more appointments added for Jan 2 – 9th Due to many requests and understanding that financial statements are still being finalized, I have added several more tune-up slots until January 9th. Just schedule a time and we'll connect.

2022 Organizers – our software provider made several changes for 2022 due to recent tax law changes and increased due diligence reporting. Your tax organizers and engagement letters should be in your portal by January 15th, sooner if possible. As always, your retainer can be sent by check or electronically – whichever is easier for you.

Remember, your 2022 Form 1099s must be emailed or mailed on or before January 31st.

I know it's been an eventful year and that 2023 still feels a bit uncertain. I am thankful you are part of the iCompass family and look forward to helping you navigate these changes and remain focused on the goals that matter to you. Have a Safe and Happy New Year!

Yours in Money Wellness,

Debbie

Update on the Dollars and Good Sense Foundation's online program offerings – the Foundation is wrapping up the digitization process for over 185 micro videos for the kids, teen and adult programs, plus the learning tools, activities and support materials for parents and grandparents.

Our COO believes the programs will be available mid to late January 2023. If you are interested, you can pre-register [here](#).