

2022 TAX UPDATES

Eva Smith & Associates, EA
1290 B. Street, Suite 114
Hayward, CA 94541
T: 510-889-8885 / F: 510-889-8765
mgr@estaxservices.com
www.evasmithandassociates.com

Enclosed is your annual organizer for your 2022 taxes. It's been an interesting year with important tax changes that will impact you. Here are some of the changes and issues you need to know about.

Tax return due dates:

- Individuals must file returns by April 18, 2023, for the 2022 tax year;
- Partnerships must file returns by the 15th day of the third month following the close of the taxable year (March 15 for calendar-year taxpayers);
- C corporation returns are generally due by the 15th day of the fourth month following the close of the taxable year (April 15 for calendar-year taxpayers);
- S corporation returns will remain due by the 15th day of the third month of the taxable year (March 15 for calendar-year taxpayers); and W-2s and 1099s must be filed by January 31, 2023, for the 2022 tax year.

Inflation Reduction Act: The Inflation Reduction Act was passed into law late last summer and contained numerous green energy credit provisions, including extended credits for clean energy vehicles (new and used) and energy-efficient home improvements. However, there are many more limitations for these credits, including income limitations and manufacturers suggested retail price (MSRP) limitations in the case of the Clean Vehicle Credit.

Be sure to consult our office before making any purchase where a salesperson asserts that you are eligible for a tax credit. It's very possible that your individual income tax situation, of which the salesperson has no knowledge, will limit your credit.

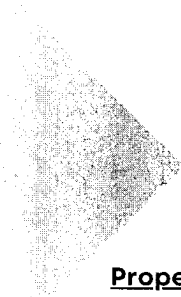
Please provide us with receipts and purchase contracts for energy efficient home improvements made during 2022, such as new windows, doors, and skylights. If you aren't sure if a home improvement you made qualifies for the credit, please ask.

Affordable Care Act: The IRS has issued new regulations that may allow more taxpayer to claim subsidies for purchasing health insurance through a state insurance exchange. These subsidies are also known as the Premium Tax Credit.

If you, as an employee, must pay any portion of your health insurance premiums or the health insurance premiums of your family members as payroll deductions, then we should discuss your options for purchasing health insurance through an exchange and whether you are eligible to claim the Premium Tax Credit for doing so.

Large inflation adjustments: Inflation was at its highest point in decades in 2022, which resulted in large inflation adjustments for the 2023 tax year for tax rate brackets, deductions, annual gift tax limitations, Social Security benefits, and retirement contribution limitations, just to name a few.

Be sure to provide your tax information to us as early as possible so that we can determine what effects these large inflation adjustments may have for you as we plan ahead for the remainder of 2023.



Property transactions: Did you sell any real estate this year? Be sure to provide copies of escrow statements, as well as the Loan Estimate form, the Closing Disclosure form, and California Form 593, Real Estate Withholding Tax Statement. We need these documents to properly prepare your return. If you can get them to us as early as possible, we can make sure we have everything we need, and make sure that any state withholding documentation is correct.

1099s and K-1s: If you received 1099s or K-1s from investments in 2022, we may extend your return in case these documents are corrected after the original filing deadline. We are seeing increasing numbers of corrected information returns, which require taxpayers to amend their original tax returns to reflect the corrected amounts. In some cases, the amounts are vastly different and can create additional costs in amending the tax returns and potential penalty problems.

1099-Ks: The filing threshold for 1099-Ks has dropped to \$600 for 2022. If you receive income through a third-party settlement provider (such as a credit card company or even a mobile phone app like Venmo or Apple Pay, among many others) then you may receive a 1099-K for that income even if you haven't in the past.

Be sure to provide a copy of any 1099-Ks you receive and let's discuss the source of the income. In the case of mobile phone payment apps, if you designated your account as a business account, but receive payments for non-business items, then you may receive a 1099-K for income that should not be taxable to you. Do not ignore the 1099-K. The IRS will expect you to report the income. If the income was not received in exchange for goods and services then we can report the 1099-K in a way that ensures you are not taxed on it.

Foreign accounts: We must report overseas assets owned by businesses as well as individuals. The reporting requirements are increasing and the penalties for failure to report continue to be harsh. Not all foreign holdings must be reported. If, for example, you hold stock in a foreign company through a U.S. broker, those holdings do not have to be separately reported. However, if you hold any other types of foreign assets, including bank accounts and securities accounts, please let us know. If you have any doubt as to whether any of your assets are foreign, please discuss those assets with us. Again, this year we will need information on a business' foreign holdings as well.

Please take extra care in preparing your organizer and documentation so we can do the best possible job to find new tax benefits that are hidden in the law and protect you from more aggressive audit programs and larger penalties.

Yours Truly,

Eva Smith & Associates, EA

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Tax Preparation and Consulting

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AGREEMENT FOR TAX PREPARATION
SERVICES TAX YEAR 2022

By signing this statement, you acknowledge that:

You have engaged the office of Eva Smith & Associates, EA for income tax services. Our joint responsibilities are as follows:

1. You will review the returns prior to signing and mailing them. The information that you provide for our use in preparation will not be independently verified unless you request that we do so.
2. Our office will treat any information received from you as confidential and subject to disclosure only at your written request or as required by law for regulatory purposes.
3. The Internal Revenue Service and Franchise Tax Board both require retention of records substantiating all items reported on your return. *You agree to keep copies of all returns for not less than seven years.* For duplicate copies of your return or accompanying paperwork, you will be charged a \$15 fee.
4. If an extension of time to file is required, we will use the information available to us at the time to prepare the extension. To prepare a valid, accurate extension, we need as much information as is available. We also need your express approval to file the extension on your behalf. **An extension, however, only provides you with an extension to file, not an extension to pay. Taxes paid after April 18 will result in late-payment penalties and interest.**
5. If your tax returns are subsequently audited by the Federal or State income tax agencies, regardless of whether we prepared the returns, we can represent you at your examination. **Representation is considered a separate transaction from tax preparation.** Fees for representation are at billing rate of \$110/hr.
6. Fees for services will be computed based on forms used to complete the tax return. Fees are due upon completion of work. Unpaid accounts are subject to interest (1.6% per month, or 19.2% per year). After 90 days, unpaid accounts will be sent to Collections with an additional fee of \$50. **If you have a past-due balance with our office, that balance must be paid in full, prior to engaging with 2022 services.**
7. You are responsible for reporting foreign activities. By signing this letter, you acknowledge that you will inform us if you have income from foreign sources or if you have signatory authority over any foreign financial account. If you are unsure whether income or an account is foreign, we will review it. Penalties for failure to report foreign activities are severe.

All tax returns must be paid for in full prior to being released from our office.

Eva Smith & Associates, EA may terminate this agreement if any of the following occur:

1. Nonpayment or late payment of fees.
2. Untruthfulness in any matter relating to this return.
3. Non-responsiveness in answering requests for information.
4. Any other circumstances deemed appropriate.

If the above fairly sets forth your understanding of the agreement, please sign this agreement and bring it to us the day of your tax appointment.

ACCEPTED BY:

SIGNATURE OF CLIENT

DATE

SIGNATURE OF CLIENT

DATE



EVA SMITH, E.A.

DATE

Client Tax Information Sheet 2022

Eva Smith & Associates, EA
 1290 B Street – Suite 114
 Hayward, CA 94541

PH510-889-8885
 FX 510-889-8765
 taxes@estaxservices.com

NOTE: NEW CLIENTS PLEASE FILL IN ALL BOXES IN TOP HALF OF PAGE
 RETURNING CLIENTS INDICATE ONLY WHERE THERE ARE CHANGES.

TAXPAYER NAME:		SPOUSE NAME:	
SOCIAL SEC. NUMBER:		SOCIAL SEC. NUMBER:	
DATE OF BIRTH:		DATE OF BIRTH:	
OCCUPATION:		OCCUPATION:	
PHONE NUMBER:		PHONE NUMBER:	
ADDRESS:		ADDRESS:	
EMAIL ADDRESS:		EMAIL ADDRESS:	

DEPENDENT NAME (First, Middle Initial, Last)	DATE OF BIRTH	DEPENDENT'S SOC. SEC. NUMBER	RELATIONSHIP	MONTHS LIVED IN YOUR HOME
If any dependent child did not live with you, write child's name here: _____				
If another taxpayer can claim you or your spouse as a dependent, check this box. <input type="checkbox"/>				

CHECK ALL INCOME SOURCES YOU HAD IN 2022 - ENCLOSE DOCUMENTATION

Salary/Wages – W-2	SS/Railroad Retirement	Lottery/Gambling Winnings
Self-Employed/Business Income	Pension / Retirement Income	Interest – 1099-INT
Independent Contractor - 1099	IRA Distributions	Dividends – 1099-DIV
Commissions/Fees	Rental Property Income	Mutual Fund Distributions 1099
Cash Payments	Partnership/S-Corp – K-1	Municipal Bonds
Alimony Received	Estate/Trust – K-1	Farm Income
Unemployment \$ _____	Military BAS/BAH \$ _____	Other Income (Enclose Details)
Tip Income	Did You Sell a Residence?	Installment Sale
Did You Sell Any Stocks/Bonds?	Did You Sell Other Real Estate?	Sell Any Business Assets?
(If yes, enclose 1099-B & cost info.)	(Enclose settlement statements.)	(Enclose sale and original cost info.)

IRA Contributions: Taxpayer \$ _____	Spouse \$ _____
Traditional <input type="checkbox"/> Roth	<input type="checkbox"/> Traditional <input type="checkbox"/> Roth
SIMPLE/SEP/KEOGH Contributions: Taxpayer \$ _____	Spouse \$ _____
Alimony Paid \$ _____	Recipient: _____ SSN: _____
Federal Estimated Tax Payments \$ _____	Job-Related Moving Expenses \$ _____
State Estimated Tax Payments \$ _____	Lodging Expenses During Move \$ _____
State Tax Due Paid with 2020 Return \$ _____	Miles Traveled to New Home: _____

CHILD/DEPENDENT CARE EXPENSES (Match each provider to dependent.)

Dependent Cared For: _____
 Care Provider's Name: _____ Provider's SSN/EIN: _____
 Provider's Address _____ Amt Paid: \$ _____

Dependent Cared For: _____
 Care Provider's Name: _____ Provider's SSN/EIN: _____
 Provider's Address _____ Amt Paid: \$ _____

Itemized Deductions (List amounts and provide receipts, checks or other documentation.)

MEDICAL EXPENSES		INTEREST PAID	
Doctors		Mortgage on Main Home	
Dentists		Paid to Financial Institution (1098)	
Other Medical Professionals		Paid to Individual	
Prescription Drugs		Name: _____ SSN: _____	
Surgical Procedures		Address: _____	
Medical Lab Fees		Points Paid on New Mortgage	
Hospitals		(Enclose Settlement Statement)	
Glasses and Contact Lenses		Home Equity Loan/Second Mortgage	
Medical Equipment Rental		Mortgage on Second Home	
Prescribed Physical Aids		Paid to Financial Institution (1098)	
Skilled Nursing Care		Paid to Individual	
Medical Insurance		Name: _____ SSN: _____	
Dental Insurance		Address: _____	
Long Term Care Insurance		Investment Interest Paid	
Medicare Part B			
Medical Transportation		CHARITABLE CONTRIBUTIONS*	
Medical Miles Driven in Your Vehicle		*Receipt required for single donations of \$250 or more.	
Other Medical (Describe)		Church/Temple/Mosque	
		United Way	
		Scouts	
		Other (list)	
STATE & LOCAL TAXES			
Home Real Estate Taxes			
Other Real Estate Taxes		Non-Cash Contributions	
Personal Property Tax (autos, boat)		(If \$500 or more, enclose receipt with name/address of organization and describe how fair market value was determined.)	
Other State or Local Tax			
CASUALTY OR THEFT LOSS		MISCELLANEOUS DEDUCTIONS	
Type of Property:		Tax Return Preparation Fee (2021)	
Describe Loss:		Safe Deposit Box (store investments)	
Cost or Basis of Property		Investment Expenses (enclose list)	
Insurance Reimbursement		Job Hunting Expenses (enclose list)	
Fair Market Value Before Loss		Gambling Losses	
Fair Market Value After Loss		Second Job Mileage	

Employee Business Expenses and Miscellaneous Deductions

Prof. Association or Union	\$ _____	Total Mileage on Vehicle in 2022	_____
Dues			
Uniforms (not street clothes)	\$ _____	Out of Town Transportation	\$ _____
Uniform Cleaning	\$ _____	Out of Town Lodging	\$ _____
Safety Equipment	\$ _____	Office in Home Expense	\$ _____
Tools & Other Work	\$ _____	Job Hunting Expenses	_____
Equipment			
Advertising & Marketing	\$ _____	Safe Deposit Box Rent	\$ _____
Business Meals &	\$ _____	Tax Return Preparation	\$ _____
Entertainment			
Business Vehicle Mileage	_____	Investment Advice/Management Fee	\$ _____
2022		Other	\$ _____

EDUCATOR AND EDUCATION EXPENSES		Educator Expense	
Student Name		Student Name	
Type Expense		Type Expense	
Amount	\$ _____	Amount	\$ _____

PLEASE ANSWER ALL QUESTIONS – For Yes answers, provide details on the lines below.

1.	Has the IRS or any state or local taxing agency notified you of any change to a prior year tax return?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.	Are any dependents claimed by you not citizens or residents of the U.S.?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3.	Do you (or your spouse) wish to designate \$3.00 of your taxes to the Presidential Campaign Fund?		
4.	Did you or your spouse receive income from any source not listed elsewhere in this questionnaire?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5.	Did you or your spouse barter goods or services with others?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
6.	Did you or your spouse receive any distributions from an IRA, pension or profit-sharing plan?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
7.	Do you have any children age 14 or under who have investment income?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
8.	Did you move during the past year?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
9.	Did you or your spouse start a new business in the past year or do you anticipate starting one in the current or next year?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
10.	Do you expect any significant changes in income, tax withholding or tax liability in the next year?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
11.	Did you or your spouse make gifts to any individual of more than \$11,000?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
12.	Did you or your spouse pay premiums or receive benefits from long term care insurance?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
13.	Did you or your spouse receive educational benefit payments from your employer?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
14.	Did you, your spouse or a dependent attend post-secondary school?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
15.	Are you or your spouse paying off a student loan?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
16.	Did you pay anyone who is over age 18 \$1,400 or more to work at your home during the year doing housework, yard work or other domestic help? If so, provide details and amounts.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
17.	Did you or your spouse become disabled during the year?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
18.	Are you or your spouse handicapped employees?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
19.	Do you or your spouse have a foreign bank or investment account?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
20.	Did you or your spouse have earned income and living expenses while working outside of the United States?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
21.	Did you or your spouse open a health savings account (HAS) during the year?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
22.	Did you have a casualty loss due to conditions in a Presidentially-declared disaster area?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
23.	Did you receive reimbursement from insurance or another source for prior year casualty losses or medical deductions?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
24.	If you or your spouse have reached age 70 and a half, have you begun your mandatory withdrawals from retirement savings accounts?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

I (we) have reviewed the information in this questionnaire (including the business and rental data sheets, if applicable) and to the best of my (our) knowledge it is accurate, correct and complete.

(Taxpayer)

(Spouse)

Business Tax Data Sheet (Use also for Employee Business Expenses)

Business Name:		Name(s) of Owner(s)	Ownership % or Shares
Address:			
Tax ID Number:			
Type of Business:			
Products or Services:			
Business Entity:	<input type="checkbox"/> Sole Proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> LLC		
Date Business Formed (mo/day/yr):	/ /	Number of Months in Business This Yr.	

1. Accounting system Used: Cash Accrual Other (explain) _____
2. Inventory Valuation (if any) is based on: Cost Market Other
3. Did you use any part of your home for business? Yes No
4. Did you buy or sell any business assets during the year? Yes No (If yes, list details on asset sheet.)
5. Did you hire any new employees who may qualify for job credits? Yes No

Business Owners: Include copies of your 2022 Profit and Loss Statement, and Balance Sheets for year end and prior year.

INCOME	COST OF GOODS SOLD (If applicable)
Gross Receipts or Sales	Inventory at Beginning of Year
Returns & Allowances	Purchases
Income Reported on Form 1099*	Cost of Labor (related to inventory)
Commissions*	Materials and Supplies
Other (Enclose detail)	Other Inventory Costs
<small>*Do not list 1099's or commissions separately if included in gross receipts.</small>	Inventory Withdrawn for Personal Use
	Inventory at End of Year
Cash Bank Balance at Start of Year	Cash Bank Balance at End of Year
EXPENSES	<small>Eva Smith & Associates, EA Tax & Accounting</small>
Advertising	Wages (not reported above)
Bad Debts (only if reported as income)	Payroll Taxes
Bank Charges	Social Security & Medicare
Commissions & Fees Paid	Unemployment (Fed & State)
Dues and Publications	Other Taxes
Employee Benefit Programs	Real Estate
Postage & Shipping	Personal Property
Insurance	Other
Mortgage Interest	Automobile Expenses (written records required)
Other Business Interest	Total Miles Driven This Year
Laundry & Cleaning	Business Miles Jan 1 thru Dec 31
Legal & Professional Fees	Parking and Tolls
License Fees (business & professional)	Gas, Oil, Maintenance, Washing
Office Supplies	Other
Pension/Profit-Sharing (Employees)	Travel (Out of Town)
Rent & Lease (vehicles, equipment)	Transportation
Rent & Lease (real estate)	Lodging
Repairs & Maintenance	Cabs, Rental Cars, Buses
Supplies (other than office)	Other
Telephone	Meals & Entertainment (list 100% of expenses)
Personal Health Ins. (sole proprietor)	Meals & Tips
Business Gifts	Entertainment Expenses
Other	Tickets & Events
Owner's draw (if sole proprietor)	
Guaranteed payments to partners or members (if partnership or LLC taxed as partnership – enclose details)	
Dividends paid to stockholders (if corporation – enclose)	
Other distributions to stockholders, partners or members (enclose details)	

List on Asset Data Sheet all purchases & sales of equipment, furniture, vehicles and leasehold improvements.

Rental Tax Data Sheet

Name(s): _____ Social Security Numbers: _____

	Property Description	Property Address	Date Acquired	Owner(s) (T/S/J)
A				
B				
C				
D				

	A	B	C	D
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INCOME

Rents Received				
Deposits Received				
Other (Explain)				

EXPENSES

Advertising				
Cleaning/Maintenance				
Commissions				
Insurance				
Legal & Professional Fees				
Management Fees				
Mortgage Interest				
Other Interest				
Repairs – Structural				
– Painting				
– Plumbing				
– Electrical				
– Appliances				
– Other				
Supplies				
Real Estate Taxes				
Other Taxes				
Utilities – Water/Sewer				
– Electricity				
– Gas/Heating Fuel				
Wages/Labor				
Yard Care/Snow Removal				
Rubbish/Trash Pickup				
Homeowners Association Dues				
Telephone				
Tenant Refunds				
Auto Mileage per Property				
Out-of-Town Travel (enclose detail)				
Other:				

ADDITIONAL PROPERTY INFORMATION

Eva Smith & Associates, EA Tax & Accounting

Number of Days Rented This Year				
Number of Days You or a Relative Resided in Each Property				
Did You Actively Participate in the Operation of Each Property?	Yes <input type="checkbox"/> No	Yes <input type="checkbox"/> No	Yes <input type="checkbox"/> No	Yes <input type="checkbox"/> No

Comments/Questions: _____

List on Asset Data Sheet all purchases & sales of furniture, carpet, appliances and capital improvements.

Home Office Deduction Worksheet

To deduct expenses for the business use of your home:

- It must be your principal place of business for your trade or business
- The area you use is used **exclusively** and **regularly** and for your business
- You have no other fixed location where you conduct substantial administrative activities. (You cannot claim a home office deduction if you occasionally work from home, but otherwise have an office at your employer's place of business.)

There are two ways to claim the Home Office Deduction, either by a percentage of actual expenses or by the IRS accepted "Safe Harbor" method.

Safe Harbor Method: _____ (sq. ft) X \$5.00 per square foot; Maximum Deduction Allowed \$1,500.00

Actual Expenses Method: Total Area of Home (in square feet) _____

Area of home used exclusively as Home Office (in square feet) _____

Direct Expenses: (benefits *Only* the Home Office)

Repairs & Painting _____

Casualty Losses _____

Other _____

Indirect Expenses: (benefits the entire home/apartment)

Repairs, Supplies, Painting, Maintenance _____

Casualty Losses _____

Gas and Electricity _____

Water and Sewage _____

Garbage/ Yard / Lawn _____

Security System and Upkeep _____

Insurance _____

Cleaning _____
Rent _____
H O A Dues _____
Other _____

Note: If you RENT / Do Not Own, please furnish the following:

Total square footage of your apartment/house _____

And the square feet used exclusively and regularly for business _____

If you OWN your home please furnish the following:

Purchase price of home (including land) _____

Improvements to home _____

Total square footage of your Condo/House _____

The square feet used exclusively and regularly for business _____

If you have financed your condo/home please attach a copy of your Mortgage Institutions Form 1098 so that we can compute deduction for mortgage interest, real estate taxes, etc.

***Note** – If you choose the “Actual Expense Method” and own your own home you will have depreciation in addition to all the expenses listed above. However, if in any future year you sell your house all allowed or allowable depreciation deducted in prior years must be recaptured as income. *If you choose the “Safe Harbor Method” you are not required to recapture depreciation.*

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