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# HARTLEY

Tax & Accounting, LLC

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**Greetings to clients and friends,**

**WHAT A YEAR** we've had at HTA! We are so appreciative for all of you. Last tax season we had the pleasure of adding to our Hartley Tax family the firm of Just Taxes (Sherry Reynolds, owner). We did our best to prepare for the over 500 additional clients and we are happy that all that came were given our best professional care. It did cause some delays (specifically, in the 12 week time crunch that we work within) in processing. But, we do take the time we need to make sure each return is properly and professionally prepared.

We have been working all year with issues that have been created (many times) by the un-organization and erroneous input of the IRS. Many times, we have held on the phone for over an hour before reaching an agent and many times we have been on hold just to be told they do not have agents that can answer our questions that day. Due to this additional workload, we are going to request (if the issue is due to you, our client, or the IRS) a \$50 fee to resolve the issue. On average, it is taking us over two hours (sometimes 5!) to resolve the issue.

Concerning our fees for this years service, there will be a \$10 increase. We do our best to keep all our expenses down. This increase is mainly reflective of our increase in personnel wages. I will always keep and continue to search for the best employees to put forth the best product (your tax returns) for you to be able to receive every tax credit and deduction you can have applied to your returns.

We also provide you with professional tax planning and tax advice during the tax season. Please let us know if you ever have any questions concerning your return and/or the results of your returns. We always want you to understand your results especially if they are different from your expectations.

If, after tax season is over, you would like a 'withholding' check-up due to new income and/or a new job; if you moved and have new jobs in a new state; or if

you are planning on retiring and need help with your retirement withholdings; we offer this service all year long. The fee depends on the time needed to collect all data, ask questions, and calculate the new withholdings. On average this is approximately 45 minutes which would be a \$75 fee.

If you have any questions concerning tax deductions or tax credits or ministry tax questions, we are here to help and more than happy to do so for our current clients at no charge.

CONCERNING 2022 tax changes, there are many! First please be aware that many of the expanded credits and deductions in 2021 are gone for 2022.

- There are no more recovery rebate credits

- The Child Tax Credit goes back to \$2,000 per child (0-16) and a \$500 dependent credit for 17 and older. There is also, again, a maximum limitation of \$1400 for the additional child tax credit.

- Dependent Care Credits are 'back to normal' in that, in 2021 most income limitations were gone AND many received up to 50% of their child care expenses back on their return.

- Earned income credit is back to 2020 rules. In 2021, Congress allowed those that were younger than 21 and older than 64 to receive EIC. This is gone for 2022 returns.

For new legislation Congress passed The Inflation Reduction Act below are just a few items recalled from this act.

- Tax rates did not change but the brackets are wider than 2021. (Due to inflation)

- The standard deductions were increased for 2022 (married joint - \$25,900 (plus \$1400 for each spouse age 65 or older), single \$12,950 (plus \$1,750 at least 65); head of household- \$19,400 (plus \$1750 if 65 or older)

- More clients will receive 1099-Ks this year! (Please make sure you give us all tax documents you receive!). Third party settlement networks (PayPal, Venmo) will

send out 1099-Ks if you were paid over \$600 for goods or services. This is a huge issue this year!

-The \$600 for married and \$300 for single 'over the line' charitable deduction is gone.

-RMDs Congress adjusted tables and these should be smaller this year (due to longer life expectancies)

-Maximum contribution limits for SIMPLE IRAs, \$14,000 (plus extra \$3000 people 50 or older)

-Traditional and ROTH IRAs \$6,000 (plus additional \$1000 for 50 or older)

-Teacher credit increased to \$300

-Please let us know if your child has over \$1150 UNEARNED income

-Standard mileage rate for 2022 increased at the beginning and in the middle of 2022. When submitting your business miles please separate the numbers by Jan – June 30<sup>th</sup> and July 1<sup>st</sup> to Dec 31<sup>st</sup>. (Jan to June = 58.50 cents; July to Dec = 62.50 cents)

-Children (dependent) tax returns will be \$20 per child. Once your child is no longer a dependent, we will charge our regular price (less \$45 discount the first year).

-How long should you keep your tax returns. We believe seven years is good in most cases BUT if you have old depreciation on an asset, you still own or old stock values in your older return folders and such – keep those as well).

-We will do our best to extend all tax returns when information to process comes in after April 1<sup>st</sup>. Please call us to make sure your returns have been extended.

OUR NEW SECURE PORTAL! – Last year, we invited all our ministers and missionaries to our new secure portal. It was a great success! There were a few glitches. But, out of over 1,000 that used it, we were very pleased with the process. We worked hard to tweak it so that those glitches do not happen again. If you would like this service (you can put all your tax documents in the portal,

receive your returns this way and submit your signed and dated efile forms) please call our office. Be prepared to give a good email address for us to use.

PLEASE DO NOT submit tax documents to the portal until you have gathered ALL of them. This was one of the glitches that slowed the processing down quite a bit. We will also verify with you that you have submitted all your documents. Your return will be put in the 'ready to be worked' process once we receive verification from you that we have all your information. We do understand that there may be times when an unexpected tax document shows up after. Please call our office and send a message and upload document to the portal so we can merge the new data.

The next page is for ministers and missionaries. Please disregard if you are neither.

As always! Thank you for your business and all your wonderful referrals! We really do appreciate you!

Jean Hartley, CEO, EA

Wishing you a healthy and happy 2023!

Hartley Tax & Accounting, LLC  
(260) 749-0444  
(260) 749-4002 (fax)