2021 Tax Filing Season is Upon Us!

Welcome to 2022! In looking back at our 2021 Tax Filing Season letter, I feel like I could have just copied much of the same opening paragraph! I am sure none of us expected back in January that 2021 would bring a winter storm for the ages, multiple new Covid variants, more extended filing deadlines, an office move, and both new lives and lives that ended too soon. Amid all that was going on, we continued to see just how wonderful people are. Especially you! We continue to experience growth in our firm thanks to your referrals, and you extended grace and patience during some difficult periods in our office. And while we enter 2022 with some uncertainty, there has been a return to some sense of normalcy in many areas, and there is much to be grateful and thankful for. We look forward to working with you in 2022!

STAFFING CHANGES

We are entering the new year with some staffing changes. Most of you know that Heather left our office in June of last year to pursue other opportunities, and while it took a little time, we are pleased to let you know that we have a new administrative assistant, Sabrina Luna. Sabrina will be starting on Monday, January 17th, so please give her a warm welcome when you call or stop by this tax season. Kaylee and Annie will be working primarily on tax return preparation, and Raegan will continue to handle our monthly retainer clients, tax preparation, and she will be taking over some of the administrative duties of the firm.

FILING DEADLINES AND DUE DATES

This year's federal tax filing deadline for individual returns is Monday, April 18th. **Friday, March 18th is the cutoff date for us to guarantee an on-time filing of your tax return.** (Late arriving investment statements and K-1's can be submitted when you receive them if you anticipate they will arrive after March 18th; however, we need to be made aware that your documents are incomplete without them.) While we will still complete many returns received after this date, we cannot guarantee it. Extension preparation begins April 1st.

If you have an outstanding balance with us from your 2020 tax preparation, work will not begin on your 2021 tax return until the invoice is paid. If unpaid as of April 1st, an extension will be prepared as a courtesy to avoid a late filing penalty.

If you will need an extension for your tax return, there are a few things to keep in mind. An extension is an extension of time to file, **NOT** an extension of time to pay. Any tax due not paid with the extension will incur a **failure to pay penalty of 0.5% per month until paid**. We are happy to help you with an estimate of tax due if you think you may owe so that you can send a payment with your extension. Even if you are unable to pay, it is important to let us know that you desire an extension, because the **failure to file penalty is 5% per month of the tax due on the return**. Please let us know if you will need an extension by April 1st so that we have adequate time for any tax estimates that need to be done.

This year's federal filing deadline for Partnership and S-Corporation returns is Tuesday, March 15th and for C-Corporations and Trust returns it is Monday, April 18th.

E-FILING PROCEDURES

After your return is completed, you will receive a copy of your return in your portal. **Once you have reviewed your return and Form 8879 is returned signed, your tax return will be submitted for e-filing.** The final date for these to be received back in our office for an on-time submission is April 10th. At the time you receive your return and Form 8879, the invoice for your tax preparation services will be emailed. All invoices include a link to pay online with your bank or credit card information. If you do not prefer to pay online, you may pay with your card by calling the office or by check. **Invoices are due upon receipt.**

CLIENT CONTACT INFORMATION, and QUESTIONNAIRES

We want to make sure that each year we have your correct contact information as well as information on other life changes such as dependent changes, filing status changes and bank information. Please take a moment and complete the returning client information sheet as well as the client questionnaire. Given the due diligence requirements that continue to be increasingly added to our compliance list from the IRS, it is critical that you complete these forms accurately and completely before we can begin your return.

Important for 2021 Filing Season**:** In January 2022, the IRS will send you and your spouse Letter 6419 to provide the total amount of advance Child Tax Credit payments that you received in 2021. **You must keep this and any other IRS letters you received about advance CTC payments with your tax records and provide them with your other tax documents. If you are married, you and your spouse will each receive Letter 6419, with each letter showing half of the amount received.**

In early 2022, the IRS will also send you Letter 6475 to provide the total amount of the third Economic Impact Payment and any Plus-Up payments that you received. **You must keep this and any other IRS letters you received about your stimulus payments with your tax records and provide them with your other tax documents.** If you do not receive these letters, you can log in to your online IRS account at irs.gov to securely access your Economic Impact Payment and Advance Child Tax Credit amounts. For married individuals, please be aware that **each spouse** must create an account and login to get their ½ of the payment.

Remember, only eligible individuals who did not qualify for a third Economic Impact Payment or did not receive the full amount should claim the Recovery Rebate Credit on a 2021 tax return. Do not include amounts of missing first or second stimulus payments on your 2021 return. If you are claiming a 2021 Recovery Rebate Credit, you will need the total amount of your third Economic Impact payment and any plus up payments to file your return accurately and avoid a refund delay.

SUBMITTING DOCUMENTS AND TAX RETURN COPIES

We use a secure online portal to allow for a safer exchange of information and documents. If you have never taken the time to activate your portal, please let us know and we will send an email with a link to setup your portal access. **This is our preferred way for you to get us all your tax documents, as many of them come electronically now and can be easily dropped into the portal.** Anything you can scan and email can just as easily be placed in the portal, which is much more secure. If you are using the portal to submit your documents, we will send an email upon receipt of the first document to let you know that we have received it and will ask you to let us know when all of your documents for the year have been uploaded.

If you are dropping off original documents, we will scan those documents and request that you pick up the originals when your return is complete. An appointment is not required for drop-off. Of course, you are always welcome to mail you documents to us via USPS, FedEx or UPS.

Sometimes we will request additional information or explanations- please be complete and timely in your responses to our questions to ensure that your return stays on track for a timely submission.

All clients will receive a soft copy of their tax return in the portal. Paper copies will be furnished upon request.

ACA COMPLIANCE

While there is no longer a penalty for failure to have minimal essential coverage, there are certain reporting requirements if you still obtain insurance through the Marketplace. If you have insurance through the Marketplace, you will receive Form 1095-A.

We must have Form 1095-A in order to complete your return. This form should be mailed to you in late January/early February for the 2021 tax year or you may logon to your Marketplace account and retrieve the 1095A. The IRS will not process your return if you received Marketplace insurance and we don't include the required form.

APPOINTMENTS AND COMMUNICATION
Because much of our time is needed for working returns during tax season, we will have a limited number of appointment times available. **If you feel that you need an appointment,** about *significant situations or changes* from the prior year or if you are a new client, please feel free to give us a call or send an email to sabrina@cmessingercpa.com to schedule an appointment. Our appointment availability will be Monday afternoons/evenings, all day Wednesday and Thursday evenings, if needed. Meetings may be held in person, via Zoom or by phone and will be scheduled as 15min, 30min or 60min time slots. We enjoy our time with our clients, however our main goal in these few months is to complete your return timely. **Please be aware that appointments during tax season are for preparation of returns and not tax planning. Planning appointments can be booked beginning in May.**
Additionally, due to the heavy volume of work during these months, we ask that you present your questions via email as much as possible. It is our goal this year to process your information and turn around your return in a timely manner, and we want to do our best to streamline the process in these ways.
Finally, we are adjusting our office hours slightly to better accommodate our workflow. Office hours will be Monday-Thursday, 8:30am-6pm, and Fridays for pickups and drop-offs only, 8:30am-12:30pm.

FEES AND PAYMENT
We love what we do, and we love our clients. Therefore, we strive to provide quality service and a correctly prepared return, as well as satisfying the ever increasing due diligence requirements being placed on us as tax preparers. *For several years now, we have not increased our fees, especially as we have considered the myriad effects the Covid-19 pandemic has had on everyone. However, due to the increased time and attention various tax law changes have demanded, as well as increased operating costs, you will notice an increase in fees across the board in 2022.*
In an effort to increase our transparency regarding fees, we'd like to detail out what our fees consist of and how initial quotes may change throughout the course of engagement. Fees for services vary based on the condition of your records, the complexity of the return, and the amount of correspondence and length of meetings required to obtain complete and organized information as well as administrative processing. Fees might also include other factors deemed relevant, including the difficulty of the issues and the skill required to perform the accounting, tax, or other service properly, additional requests for information, additional phone calls or meetings, research, cleanup of accounting records, and preparation of reconciliations and/or summary schedules.

Invoices for tax preparation are issued when the return is completed. If other work is performed during the year for tax estimates, research, business consulting, QuickBooks consulting and support or handling of IRS correspondence and audits, those services will be billed accordingly at the first of the month each month. Invoices are due upon receipt; if you need additional time or need to make other arrangements for payment, please contact our office.

TAX RETURN NOTICES AND REVIEWS
The amount of IRS correspondence has increased significantly over the last couple of years; unfortunately, the availability of the IRS to review and process our responses to that correspondence has decreased just as significantly. What used to take several weeks and one letter to resolve, now takes several months and multiple letters, and the ability to speak to someone about an issue requires a lot of patience and a little luck. The most recent report from the IRS indicates that they averaged answering less than 15% of the calls that came in last year. On average there were approximately 16,000 calls for every one person working.
If you receive correspondence concerning an issue that is a result of an oversight on our part, we will always manage that with no charge. If you wish to manage an IRS notice yourself, we will be happy to

provide a brief recap on formulating a response. If you would prefer that our firm investigate and formulate a response, complete the correspondence and subsequent follow up, we will be available upon request to assist you. Billing for such assistance is at standard rates, plus relevant certified postage incurred.

We are looking forward to what will be a very busy tax season.   We want to thank you in advance for your continued patronage and belief in what we do here. We are hopeful and excited to see what this next year brings. Please don't hesitate to let us know if there is anything more we can do to serve you better. And as always, your referrals continue to be the greatest compliment you can give us…Thank you!

Christi, Raegan, Kaylee and Annie