

Sandberg Tax Service, LLC

2024 Client Newsletter

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Hi everyone! It's time to start thinking about your taxes again. It's been 40 years since I started preparing taxes in January 1984. I had worked two seasons at IRS in Ogden and had transferred to Hill AFB with a full-time computer operator job. I was looking to make more money to support my family, so I put an ad in the Big Nickel weekly want ads and the rest is history! I prepared around 50 returns the first tax season. Back then it was by hand with a calculator. Tax laws were a lot less complex. Many of you remember when I traveled to you because I didn't have enough clients to pay for an office all year. Those days are long gone. I moved into my first office in 2005. I am happy to say that I still prepare a tax return for one client who started with me in 1984. Thank you, Bill, for your loyalty all these years!

I attended the IRS Nationwide Tax Forum in Atlanta last July and my National Association of Tax Professionals seminar in October. There are new things for the 2023 tax year that may affect many of you so read the rest of this newsletter and my website. Tax brackets are the same percentages with an annual adjustment for inflation. I will refer to changes in this newsletter with links to my website so you can read about them in detail.

I am continuing with my policy of not accepting new clients this upcoming season and was able to cut down my clientele to a much more manageable level this last year. I will continue to help current clients who used my services last year. I will help your teenagers who get W2s if they come with you to your appointment. I get asked all the time when I'm going to retire. I will continue with my business as long as I am able to. You don't need to worry for now. I will let you know months in advance who will be taking over. I truly thank you for your loyalty and support!

APPOINTMENTS: Appointments start Wednesday, January 24, 2024. Online appointment requests on sandbergtax.com are now open. Don't procrastinate making an appointment just because you might owe IRS.

Get your return done early so you know. To request an appointment, go to www.sandbergtax.com. Click the "Appointments" button to check my availability calendar and see what fits your schedule best, then select the link, "Appointment Submission Form", fill out your request info, and submit it.

Please request an appointment at least 24 hours in advance. Call if you want the same day and I'll see if I can fit you in. Please put your email address on the submission form so I can confirm your appointment. I will send you an email shortly to confirm the appointment and will enter your last name on the website calendar. If you forget what day and time your appointment is, just review my online calendar. **Your submissions do not update my calendar automatically.** If you can't or don't want to request an appointment through my website, please email me or call me at 801-928-9642 and leave a message if I don't answer. I'm looking forward to seeing you again this year!

CLIENT ORGANIZER/TAX DOCUMENTS/NOTICES: When I confirm your online appointment request, I will email you a personal organizer with info from your prior tax return. If you would like it before you submit your appointment, just send an email to dave@sandbergtax.com. I will also send you a checklist of items I need you to bring. It is extremely important that you bring all your tax documents so we can avoid an amended return.

Please open envelopes beforehand and don't staple your documents together! I must scan everything and my scanner hates staples! If you want a tax credit for childcare, I need the year-end receipt showing the name of the care provider, tax ID number (either EIN or SSN), address and the amount you paid. This info should be on your childcare receipt. If not, call your care provider. **If you have Health insurance through the Healthcare.gov Marketplace (Obamacare), you will receive a 1095-A form. I can't prepare your return without it! If you or your dependents attended a university or trade school, please bring your 1098-T from the university's website. If you have student loan interest, bring your 1098-E. If you had a health savings account, please bring the 1099-SA form. Let me know if you have or will contribute to a Roth or traditional IRA for 2023. You have until April 15, 2024 to do so.**

IRS compares the info on your tax return with the info employers and others provide. It takes over a year to match up everything. If you fail to provide me with all your important tax documents, you will receive a letter from the IRS stating that you may owe more tax because your return wasn't complete. If you receive an IRS notice or need to amend your tax return because of something you failed to provide me, I will charge you a fee to review the issue, resolve it with IRS (and Utah) and amend the IRS 1040 and Utah TC-40 if necessary. If it was something I erroneously did, there will be no charge to resolve it. Take your time, review your organizer, and be prepared when you come in. Thanks!

Now that bank CD rates are higher, you may have earned more than \$10 in interest income on your savings. Most credit unions and banks don't send out 1099-INT earned interest documents if you have paperless statements. Go online, look at your December 31st bank statement and get the information before our appointment. **The time to prepare is BEFORE, not during the appointment!**

If you bought and/or sold a home last year, please bring your closing papers with you for both transactions. Although you may not have to pay capital gains tax if you lived in the home more than 2 years, I still need to report the sale on Schedule D of your tax return.

Due to tax law changes through 2025 with the Tax Cuts and Jobs Act, you may not be able to itemize deductions. See if you have more than \$13,850 in deductions if you are single or filing married/separate, \$20,800 if you file as Head of Household, or \$27,700 if you are filing married/joint.

1. Total Medical out of pocket expenses – 7.5% of your combined gross income \$ _____
2. Total state income taxes withheld on your W-2 or 1099-R forms \$ _____
3. Total real estate taxes you paid on your home(s) and land \$ _____
4. Total mortgage interest you paid \$ _____
5. Total cash contributions to charity and non-cash contributions to DI, etc. \$ _____
- Total \$ _____

(#2 and #3 combined are capped at \$10,000. Enter \$10,000 if over that amount)

I will determine if you are eligible to itemize. If you have over the standard deduction, you can save taxes. See you soon!

Did you know?

The national average charge for 2022 tax returns according to the National Association of Tax Professionals:

Individual Returns - \$248
Business Returns - \$604
Fiduciary (Trust/Estate) Returns - \$458

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2023 Tax Year Changes

Taxable Income Brackets for 2023 Tax Year (after deductions - Returns due April 15, 2024)

2023 Tax Brackets

Tax Rate	Single	Married/Joint	Married/Separate	Head of Household
10%	\$1-\$11,000	\$1-\$22,000	\$1-\$11,000	\$1-\$15,700
12%	\$11,001-\$44,725	\$22,001-\$89,450	\$11,001-\$44,725	\$15,701-\$59,850
22%	\$44,726-\$95,375	\$89,451-\$190,750	\$44,726-\$95,375	\$59,851-\$95,350
24%	\$95,376-\$182,100	\$190,751-\$364,200	\$95,376-\$182,100	\$95,351-\$182,100
32%	\$182,101-\$231,250	\$364,201-\$462,500	\$182,101-\$231,250	\$182,101-\$231,250
35%	\$231,251-\$578,125	\$462,501-\$693,750	\$231,251-\$346,875	\$231,251-\$578,100
37%	\$578,126+	\$693,751+	\$346,876+	\$578,101+

Example: A married couple filing jointly has \$150,000 in taxable income after subtracting itemized deductions or the standard deduction. They pay \$2,200(10%) + \$8,093(12%) + \$13,321(22%) = \$23,614 in federal tax, which is about \$600 less in tax than they would have paid for 2022 taxes (adjusted for inflation). **Standard Deduction** The standard deduction for a Married/Joint return is \$27,700, increased from \$25,900 last year. Head of Household is \$20,800. Single and Married/Separate is \$13,850. There is an increased standard deduction for being age 65 or older and if over 65 and legally blind. Due to the Tax Cuts and Jobs Act, there are no exemption deductions available.

Itemized Deductions If your total itemized deductions are more than the standard deduction, you may be able to itemize deductions and save tax. This includes mortgage interest, real estate taxes, charitable contributions, state tax withholding, and medical expenses over 7.5% of your gross income. There is a deduction cap of \$10,000 in state income tax and real estate taxes. If you have less, you will take the standard deduction listed above. **If you obtain a mortgage for more than \$750k, please let me know as this is the limit of mortgage debt you can deduct interest from.**

DUE DILIGENCE REQUIREMENT This refers to clients with children living at home, other dependents 17 years old and older with less than \$4,700 in income, dependents ages 19-24 attending universities, and those filing Head of Household status. I am required by the IRS to ensure my clients qualify for the Child Tax Credit/Other Dependent credit, Head of Household status, education credits, and the Earned Income Tax Credit (EITC) and keep proof on file for three years. If I don't comply, I can be heavily fined for each infraction. For Head of Household filing status, I need proof you provided more than half of the cost of keeping up a home for your child(ren) living with you (rent payments, utilities, mortgage payments, etc.). enrollment, govt benefits, doctor/dentist visit records, immunization records, or other records with your address listed. I should have your children's birth certificates and Social Security cards already on file from a prior year. If not, I must scan your children's birth certificates, and Social Security cards. **If I have your children's identification documents on file from a previous year, you don't need to bring them again.**

Childcare Credit is up to \$3,000 for one child and \$6,000 for two or more children. Bring the year-end provider receipt.

Child Tax Credits Dependent children up to the age of 16 may qualify for up to \$2,000 child tax credit on parents returns. Dependents 17 and older who make less than \$4,700 in income may qualify for a \$500 Other Dependent Credit.

Deductible Mileage Rates Business mileage with logbook – 65.5 cents per mile. Medical mileage - 22 cents per mile. Charitable miles stay the same at 14 cents per mile.

Earned Income Tax Credit Depending on your gross income, you may receive up to \$7,430. I will calculate this for you.

Long-Term Capital Gains Taxes This applies if you held your assets for more than one year. You pay 0% CG tax if your combined taxable income is less than \$44,625 for singles and \$89,250 for married/joint filers. The 15% CG rate is for incomes over the 0% bracket and below \$492,300/singles and \$553,850/married. The maximum 20% rate is effective for incomes over the 15% CG rates or \$553,850 for married/joint. Short-term gains are taxed at your ordinary rate.

Higher Education Credits Form 1098-T If you or a dependent went to a college or trade school during the tax year and paid tuition and fees, bring me a copy of the 1098-T from the institution (WSU, USU, U of U, DATC, etc.) to get the education credit. You can usually print it off from the university website. **Please obtain the 1098T before coming in.**

IRA Contributions for 2023 are \$6,500 for those under 50 and \$7,500 for 50 and older. Taxpayers can contribute to traditional IRAs and Roth IRAs indefinitely as long as they have earned income from employment.

NEW! 1099-K You would have received this form by January 31st if you received \$600 or more through eBay, PayPal, Etsy, Venmo or other payment services during 2023. IRS recently issued guidance that 2023 will be another transition year and those with \$20,000 or more in transactions will be the only ones receiving the m for the 2023 tax year.

ATTENTION LLC's and CORPS! New BOI Reporting Requirement BOI is Beneficial Ownership Information and refers to individuals who filed documents with the state to register a corporation (subchapter S or C) or an LLC. Owners **must report** their owner information to the Financial Crimes Enforcement Center under the Department of the Treasury. The deadline for reporting owner information for those who registered or renewed their entities prior to January 1, 2024 is January 1, 2025. Those who register LLCs or Corps during 2024 have 30 days after they register their businesses to report owner info to FinCEN.com. **For more information, please click on 'Helpful Forms' on sandbergtax.com.** Failure to report your info will incur stiff penalties.

New Home Energy Credits Congress revamped home energy credits for 2023 through 2032. If you had solar panels, new energy efficient windows, entrance doors, AC, furnace/heat pump, water heater, insulation, or skylights installed during 2023, please bring your receipts to your appointment. **For more information, please click on 'Helpful Forms' on sandbergtax.com.**

Plug-in Vehicle Credit If you purchased a qualified electrified vehicle, you are eligible to receive a federal tax credit up to \$7,500. **For more information, please click on 'Helpful Forms' on sandbergtax.com.**

Cryptocurrency (Bitcoin, Ethereum, etc.) All taxpayers must answer a question on their tax returns if they traded cryptos during the tax year. If you sold Bitcoin or any other digital currency, the gain or loss must be reported on your tax return like a stock sale. **It is your responsibility to provide me the basis (cost) of your purchases as well as the sale price.** Please bring your Robinhood 1099-B, Coinbase statement, or other medium of exchange statements you used to buy and sell. If you sold stocks or mutual funds, please bring all pages of your 1099-B stock brokerage statements to the appointment, not just the front page.

Tax Documents Please review all your documents and ensure you have the 2023 tax year and not documents from a prior tax year. Also, please be kind enough to **open your envelopes and do not staple any documents together.**

Check the 'Latest News' tab on sandbergtax.com for any updates or changes that may affect you.

PRIVACY INFO: I must keep your private information I collect from you, private. I am bound by the Gramm-Leach-Bliley Act and IRS regulations to do so. I **do not** share any personal information I collect from you with anyone else. **When I receive a request from a mortgage company or other institution asking for your private info, I will not send them copies of your tax returns or provide them any other information.** Call or email me and I'll send it to you.