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Dear Friends,

We can't believe the summer is just about over and students, teachers, and staff are getting ready to go back to school. For the second year in a row, there have been no major tax law changes, so we don't have much to report regarding IRS updates. The one item that is new for 2023 tax returns relates to Residential Energy Credits. As part of the Inflation Reduction Act of 2022, taxpayers may now take a credit for energy efficient improvements on their primary home and now, their second or vacation home. The credit applies to purchases and installation of new windows, exterior doors, insulation, heating systems, A/C systems, and/or a hot water heater.

The Calendar is Open! Our 2024 calendar has arrived. If you usually have a sit-down appointment with Ed, you can call now to make your tax appointment for 2024. We ask you to call right away to get your appointment. The most popular times are Saturday appointments and the weeknight appointments at 7pm, so call our office to set up your appointment and do it sooner rather than later. If you are dropping off, mailing, or uploading your tax return information to SmartVault, you do not need an appointment. Our tax season drop off/pick up hours are Monday – Friday 8:30 am – 9:00 pm and Saturday from 8:30 am – 4:00 pm. For virtual and phone appointments with John, you can call now to make that appointment, but we will need your documents in our office 10 days – 2 weeks prior to that appointment. Your virtual appointment will have to be rescheduled if we don't have your documents in advance.

Office Updates: As many of you may know, Pat Kulawiak retired in April of this year and Michele Corby has taken over the payroll and bookkeeping responsibilities. Michele's e-mail address is michele@nkinctax.com and she can be reached for any business payroll or invoice questions. John is working on Wednesdays, Thursdays, and Fridays during the off season, and he is no longer offering sit down appointments since he is no longer working in the office.

We have a new calendar program! When calling to make your appointment, please be patient with us as we will be confirming and updating your contact information in the new program. You will receive a confirmation e-mail when you book the appointment and a text message confirmation 24 hours prior to your appointment. We will no longer be calling to confirm the appointment a few days in advance. If you don't have an e-mail address or cell phone, please let us know when booking your appointment and we can make a note to call you to remind you of your appointment.

Extensions & Estimated Taxes: The extension deadline for completing your 2022 tax return is October 16, 2023. For those of you currently on extension, we need to have all your data to our office no later than Friday, September 15 to give us enough time to process the returns and get them back to you prior to the deadline. We cannot guarantee completion of a tax return if the data is dropped off after September 15, 2023, and you may be subject to late filing penalties and interest charges.

Third quarter personal estimated tax payments are due by September 15. Please get us your data the first week of September to give us enough time to calculate those payments. The final personal estimated tax payment covers the period of September 1, 2023, to December 31, 2023, and is due on January 16, 2024.

SmartVault: Many of you are using our secure portal, SmartVault, to upload your tax information. We are requesting that if you have e-mailed us documents in the past, to start using SmartVault. This is for your and our security and protection. We have upgraded our security software and if you try e-mailing sensitive documents to us, it will most likely be blocked. SmartVault uses bank level encryption to protect your data and information. Tax offices across the country have become targets of phishing and e-mail hacking so we are taking extra steps to protect your identity and sensitive personal data. If you have not already activated your free SmartVault account, please contact Michele at michele@nkinctax.com and she can send you the invite.

Commonly Missed Deductions & Credits: Over the past few years we have noticed a few deductions and credits that are frequently overlooked, and we are continually asking for these items and additional information when completing your tax return. Below is a list of those items and the additional information required when taking these deductions/credits.

- **Childcare Credit** – If you have a child that receives childcare, before or after care, or attended a summer day camp, you may be entitled to a credit. In order to claim the credit, we need the name, address, and tax id number of the childcare provider as well as the amount paid for each child.
- **College Tuition Credits** – In order to claim the college tuition credit on your return, we will need the 1098-T from the college, the bursar statement/student account statement from the school, and the total cost of books. The 1098-T and account statements are sent to the student and posted on the student's online student account. The IRS requires us to reconcile the 1098-T with the statement.
- **Medical Expenses** – Any amount paid out of pocket for prescriptions, doctors, dentists, hospitals, chiropractors, specialists, labs, and eye care are all includable as a deductible medical expense. It is very difficult to deduct them on the federal return, but many state tax returns have lower thresholds, and the medical expenses can be enough to deduct on your state return and lower your taxable income. We don't need receipts for these deductions, just a total amount is acceptable. Your pharmacy can provide a printout of the yearly prescriptions, so you don't have to keep those receipts during the year.
- **Residential Energy Credit** – As mentioned at the beginning of the newsletter, a credit is available for energy efficient improvements to your home. We don't need receipts, just the amount spent on each energy-saving improvement. Energy efficient appliances and light bulbs do not qualify for the credit.

- **Charitable Contributions** – A record must be kept of all contributions and any single contribution of $250 or more must have a receipt or letter from the charity that meets three requirements. These three requirements are: identifying the amount of the contribution, include a statement that no goods or services were received for the contribution, and the receipt or letter must be received by the taxpayer prior to filing their tax return. Again, we don't need receipts or copies of checks, just a total of the cash/check contributions.

Our next newsletter will be sent out in early January, and we will include our annual checklist to help you organize your documents. We will also require the completed Drop Off/Mail In form to be included with your documents when dropping off, uploading, or mailing. You can complete the form and include it with your documents when submitting them or we will have them at the office for you to complete when dropping off. We will not start working on your return until we have a fully completed form in your file.

Best Regards,

Ed, John, Carrie, & Michele

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For investment related questions, please e-mail Ed at edwin.kulawiak@ceterafs.com and John at john.kulawiak@ceterafs.com.