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January 2024

Happy New Year!

Dear Friends,

We hope you and your family enjoyed the holiday season. Another tax season is approaching, and you should start receiving your tax documents in the mail or online in the next few weeks. ***Please see the end of this newsletter for new requirements/forms for the 2023 tax returns.***

2023 Tax Returns: Our office tax season hours will begin on Monday, January 29th. Our tax season office hours are Monday – Friday 8:30 am – 8:30 pm and Saturdays 8:30 am – 4:30 pm. The office is closed on Sundays. If you have not yet called for a sit-down appointment, please call now as there are limited openings available. If you drop off/upload your documents after March 20th, we cannot guarantee the return will be completed by the deadline and an extension will have to be filed and you may be responsible for penalties and interest if you owe money. Once again, we will not automatically file an extension without a request from you to do so. The extension is just an extension of time to file, not an extension of time to pay. Without preparing your return, we will not know how much you should send in with your extension request.

Phone & Virtual Appointments with John: For those of you that booked a phone conference or virtual appointment with John, we will need your tax documents at the office or uploaded 2 weeks prior to that appointment. Even if you do not have all your documents at that time, we ask that you get us what you have, and John can let you know what is missing prior to your appointment.

SmartVault Portal: We highly encourage you to use our SmartVault portal. For those of you that have activated your account, the web address is nkinc.smartvault.com (please note there is no www. ahead of the address). There is no cost to sign up for your account and you will have access to your tax documents and tax returns dating back to 2012. If you have not established your SmartVault account yet, please e-mail us and we can send the invitation link for you to register. When you upload your documents to your portal, please send us an e-mail to let us know you have uploaded your information.

2023 Unemployment 1099-G Form: If you collected unemployment at any time during 2023, you must log on to the website where you filed and collected your benefits to download the 1099-G form. Most states post the 1099-G forms online the last two weeks of January.

Residential Energy Credit: As part of the Inflation Reduction Act, the IRS introduced a new Residential Energy Credit. Taxpayers are now eligible to take a credit on their tax return for new, energy efficient property installed in their primary residence as well as their vacation/second home. Appliances do not qualify but new windows, exterior doors, air conditioning systems, furnaces, hot water heaters, insulation, and amounts paid for home energy audits all qualify. Each improvement is listed and calculated separately so if you had multiple energy saving improvements, we will need each improvement and amount spent listed separately.

NEW FOR 2023!! For those who claim the Earned Income Tax Credit, Child Tax Credit, and/or American Opportunity Credit, as well as the Head of Household filing status we have asked in the past for a document or record to claim each of these credits. The good news is that we no longer need a document to prove these credits or that your child lives with you. We do, however, have new worksheets with questions to answer for each of these. You will only have to complete a worksheet for a credit that applies to you and each worksheet is a simple set of questions that should take less than 30 seconds to complete. To claim these credits on your tax return, we do need them completed and signed by you prior to us working on your tax return. It would be extremely helpful if you could complete them and include them with your documents ahead of time, but we will have extra copies in the office if needed. Each credit is a separate worksheet so if you qualify for Head of Household filing status and have one child living at home that is also a college student, we will need three separate worksheets completed.

For clients with college tuition expenses, we will need a copy of the Form 1098-T to calculate the credit. If 529 College Savings Plan funds were used to pay for some or all of the college expenses, we will also need the 1099Q provided by the 529 financial institution along with the copy of the college bursar's statement or tuition statement for each semester. These might only be accessible by the student on their student portal.

All taxpayers must provide an unexpired driver's license or other valid ID again this year. If you renewed your license last year (or early in 2024), we need a copy of that license showing the new issue and expiration dates.

New Filing for Business Entities: Corporations, S-Corporations, Partnerships, and LLCs (including Sole Owner/Single Member LLCs) have a new Beneficial Ownership filing they must complete starting January 1, 2024. If your business was formed prior to January 1, 2024, you have until December 31, 2024, to file this report. If your business formed on or after January 1, 2024, you have 90 days to file the report. This must be completed by the business owner(s) and/or their attorney. This is not a tax reporting form so our firm cannot assist in this filing since we do not provide legal advice. Here is a link to the Beneficial Ownership filing homepage (https://www.fincen.gov/boi) as well as a link to their FAQ page (https://www.fincen.gov/boi-faqs).

Tax Checklist: Enclosed in this letter is our annual checklist of items to bring with you (or mail in) as well as copies of the worksheets for the various credits. For our drop-off and mail-in clients, we are again requiring you to complete our Drop Off/Mail In form prior to working on your return. This newsletter as well as the annual checklist and worksheets for the credits are all here on our website, https://www.kulawiakfinancialservices.com/Client-Newsletters-and-Forms.9.htm. We will not process your tax return without the applicable form(s) fully completed.

Best Regards,

Ed, John, Carrie, & Michele

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Courtesy of Nerenberg & Kulawiak, Inc.
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1. Personal Information

Married or divorced in 2023? If divorced, bring copy of divorce decree
Change of dependents? Name, date of birth, SS#--Any in college, what year?
Change in address/phone number?
Your job title/Spouse's job title
Any changes coming in 2024?
Direct deposit your refund into the same account as last year?
If you have a new bank account, please include a voided check.
Taxpayer & Spouse government id (passport, driver's license)

Do you have a financial interest or signature authority on a non-US bank or financial account? YES or NO

In 2023 did you receive or sell, exchange, gift, or dispose of a digital asset/cryptocurrency? YES or NO

Would you like a paper copy of your tax return for an additional $5 fee? YES or NO
If no, please provide an e-mail address for an invite to our SmartVault portal.

2. Income

All W-2's
Any 1099's:
- -Interest and Dividends
- -Unemployment (*NJ Unemployment 1099G is only on the unemployment website*)
- -Pensions & Annuities

Sale of Property--Closing/Settlement statement plus dates of purchase & sale, purchase & sales price, cost of improvements
Social Security Benefits - Form 1099-SSA
Sale of Stock/Mutual Fund--Form 1099-B showing sales date and sales amount.
Lottery/Gambling Income and Losses
Other Income--Prizes & Awards, Alimony received
Rental Property Income & Expenses - HUD-1 from purchase/sale of property
Self Employed business income & expenses

3. Deductions

IRA Contributions including Roth IRA contributions
529 Plan Contributions: Include a year end statement. Many states now have a deduction or credit for contributions to a 529.
Alimony Paid--amount & social security number of recipient
Property Taxes Paid
Closing/Settlement Statement from closing of new house or re-finance
Home Mortgage Interest (Form 1098, not the escrow statement)
Contributions to charity - Need letter from organization & cancelled checks. Cash no longer allowed
Clothing/property donations - Must have itemized list detailing name & address of organization & donated value
Rent paid for apartment-Not deductible on federal return, but many states have a rent deduction
Student Loan Interest Paid - Form 1098-E
NY & PA filers - Job Required expenses such as union dues, uniforms, etc. are still deductible.

(Over)

4. Credits

<u>Child Care</u>--Name, address, and tax id number of provider
Breakdown of amount paid for each child

<u>Education expenses</u> (Tuition, books, etc.)
Form 1098-T will be mailed or posted to the student's online account.

5. Estimated Taxes Paid

	Date Paid	Amount Paid	Check Number
Federal 1st Qtr. (Due 04/18/2023)			
Federal 2nd Qtr. (Due 06/15/2023)			
Federal 3rd Qtr. (Due 09/15/2023)			
Federal 4th Qtr. (Due 01/16/2024)			
State 1st Qtr. (Due 04/18/2023)			
State 2nd Qtr. (Due 06/15/2023)			
State 3rd Qtr. (Due 09/15/2023)			
State 4th Qtr. (Due 01/16/2024)			

6. Medical Expenses/Health Insurance

Health Insurance Paid - - Including COBRA but exclude pre-tax insurance from paycheck
Was everyone on the return covered by insurance all 12 months? If not, what months and who was not covered?
Prescriptions - - In January, your pharmacy will have a print out with the total for each member of your household.
Medical Expenses-- Doctor visits, glasses, contacts, chiropractors, dentists, hearing aides, & mileage
Long Term Care Insurance premiums paid - Separate amounts for taxpayer and spouse

7. New for 2023! Residential Energy Saver Credit

Amount spent on New Energy Efficient Property. Each improvement is listed & calculated separately.

Windows	Doors	A/C & Furnace	Water heater	Insulation
$	$	$	$	$

8. NJ Veterans Exemption

If you have not already completed the NJ Veterans form and submitted it to NJ along with your DD-214 you can obtain all of that online here: https://www.state.nj.us/treasury/taxation/military/vetexemption.shtml. Just notify us that you have submitted the paperwork to NJ prior to preparing your tax return.

Drop Off/Mail In Checklist

Name: **E-mail address:**

Phone Number -

Direct Deposit Info - Name of Bank/Last 4 of Routing & Account Numbers

Did you collect Unemployment? Is the 1099-G included?

You must download and print the 1099G from the State Dept of Labor website, this form is not mailed to you.

Dependent Children Information

Claiming the same dependents as last year? Any new dependents?

College Cost Information

Any dependents in college? Provide Form 1098-T and the amount spent on books

Medical Expenses/Health Insurance

Prescriptions, doctors, glasses, contacts, chiropractors, dentists, hearing aides, & medical miles
Copy of Form 1095. If your insurance is on the Marketplace it will be Form 1095A, otherwise it is 1095B or 1095C.
Was everyone on the return covered by insurance all 12 months? If not, what months and who was not covered?

Residential Energy Credits

Amount spent on New Energy Efficient Property. Each improvement is listed separately.

Windows	Doors	A/C & Furnace	Water heater	Insulation
$	$	$	$	$

Did you make estimated tax payments in 2023? Include the dates of your payment & amounts separately.

Do you have a financial interest or signature authority on a non-US bank or financial account? YES or NO

In 2023 did you receive or sell, exchange, gift, or dispose of a digital asset/cryptocurrency? YES or NO

Final 2023 paystub

Copy of Taxpayer and Spouse Driver's Licenses (if renewed in 2023 or 2024)

529 Plans

Please provide copy of year-end statement. Many States allow a deduction or credit for contributions made.
Contributions can potentially be deducted regardless of relationship to the beneficiary of the plan.

Child Tax Credit/Additional Child Tax Credit/Other Dependent Credit – IRC 24 Questionnaire

Taxpayer Name: ______________________ Date: ____________

Tax Preparer/Interviewer Name: ______________________

1. Did your dependent provide more than half of their own financial support during the year?

Answer: ______________________

2. Did your dependent live with you for more than half the year in the U.S.? If not, do you have a valid Form 8332 giving you permission to claim the dependent from the custodial parent?

Answer: ______________________

3. Did your dependent file a joint return with their spouse for the tax year or file it only to claim a refund of withheld income tax or estimated tax paid?

Answer: ______________________

4. Was your dependent a U.S. citizen, U.S. national, or U.S. resident alien during the tax year?

Answer: ______________________

5. Please list the name(s) of the dependent(s) you are claiming for the 2023 tax year.

Answer: ______________________

Additional Notes -

American Opportunity Tax Credit – IRC 25A Questionnaire

Taxpayer Name: ______________________ Date: ______________

Tax Preparer/Interviewer Name: ______________________

1. Was the student pursuing a degree or other recognized education credential during the tax year?

Answer: ______________________

2. Was the student enrolled at least half time for at least one academic period beginning in the tax year?

Answer: ______________________

3. Did the student finish the first four years of higher education at the beginning of the tax year?

Answer: ______________________

4. Did the student claim the American Opportunity Tax Credit for more than four tax years?

Answer: ______________________

5. Did the student have a felony drug conviction at the end of the tax year?

Answer: ______________________

Additional Notes -

Head of Household Filing Status – IRC 2 Questionnaire

Taxpayer Name: ______________________ Date: ______________

Tax Preparer/Interviewer Name: ______________________

1. Were you unmarried or considered unmarried on the last day of the year?

Answer: ______________________

2. If married, did you live apart from your spouse EVERY night within the last 6 months of the year?

Answer: ______________________

3. Did a qualifying person live with you in your home for more than half the year (except for temporary absences, such as school/college)?

Answer: ______________________

4. Did you, the custodial parent, allow the noncustodial parent to claim your dependent by signing Form 8332 YET you still meet all of the requirements for Head of Household?

Answer: ______________________

5. Where is/are the biological parent(s) and why aren't he/she/they claiming the dependent?

Answer: ______________________

Additional Notes -