



Certified Public Accountants  
Innovation | Growth | Excellence

Dear Clients:

We hope you are off to a great start to 2023! Now that we are a few weeks into January, income tax time is just around the corner.

We look forward to assisting you with your 2022 tax return preparation and 2023 tax and business planning. Our 2022 tax organizer is posted on our website at <https://www.twohillscpas.com/wp-content/uploads/2023/01/2022-Tax-Preparation-Checklist.pdf>. Please review the checklist and answer any questions that apply – an answer could be a big tax saver!

### NEW FOR 2023

**Some tax credits return to pre-COVID levels.** Changes include amounts for the Child Tax Credit (CTC), Earned Income Tax Credit (EITC), and Child and Dependent Care Credit.

- Those who received \$3,600 per dependent in 2021 for the CTC will, if eligible, get \$2,000 for the 2022 tax year.
- For the EITC, eligible taxpayers with no children who received roughly \$1,500 in 2021 will now get \$500 in 2022.
- The Child and Dependent Care Credit returns to a maximum of \$2,100 in 2022 instead of \$8,000 in 2021.

**No above-the-line charitable deductions.** For the past two tax seasons, taxpayers claiming the standard deduction could take up to a \$600 charitable donation tax deduction on their tax returns. However, in 2022, those who take a standard deduction may not take an above-the-line deduction for charitable donations.

**More complex rules to claim the tax credit for clean vehicles.** There are several changes taxpayers should be aware of, such as the tax credit is generally available only for qualifying electric vehicles for which final assembly occurred in North America (final assembly requirement) and a transition rule for some vehicles purchased before August 16, 2022. You can download and view our handout regarding the rule changes on your website: <https://www.twohillscpas.com/wp-content/uploads/2023/01/EV-Tax-Credits-Updated-1.18.23.pdf>

**Smaller refunds.** A larger number of taxpayers should expect smaller refunds (or may potentially owe a balance due) with their tax return this year due to the expiration of the expanded tax credits and stimulus payments. Please be cautious if you are relying on a large refund for your family spending and vacation planning this year.

### TAX DOCUMENTATION

Please remember to carefully go through our checklist to identify all documents needed to prepare your tax return. Missing documentation will result in a longer preparation timeframe and delays in your tax return filing. Below are some commonly missed areas:

- **Documentation for childcare expenses:** If you paid for childcare last year and either took a pre-tax deduction through your employer (i.e. FLEX spending account) or would like to claim the dependent care deduction through your tax return filing, we must have receipts or other documentation supporting your child care expenses. The documentation must show the childcare provider's name, address, and EIN. Note that even if you claimed the full deduction as a pre-tax benefit through your employer (i.e. your Form W2 has an amount reported in Box 10), you must still provide us with documentation to prevent that amount from being added back to your taxable income on your tax return filing.
- **Proof of estimated tax payments:** For our self-employed and small business clients, if you made estimated tax payments for 2022, we are required to obtain confirmation of payment before we can file your tax return. **Examples of proof of payment include processed check images, a bank statement showing the payment, a 2022 IRS Account Transcript (Federal payments only), and/or a confirmation receipt from the IRS or State.** Proof of payment is required to prepare an accurate return, and failure to provide proof could result in IRS balance due letters months after the return is filed and an additional fee to resolve them.

## TAX SEASON PROCEDURES

Our office is continuing to primarily work remotely. Many of you have already used our client portal ([app.canopytax.com](http://app.canopytax.com)) to send documents and receive your tax return. We will continue to use web conference meetings for return reviews, which allow us to share our screen and quickly point to information on your financial statements or tax return. Should you have any problems uploading documents or working with our online systems, please call our main office line at 303-223-2575 and we can help you through the process.

As you receive your informational tax forms (W-2s, 1099s, brokerage and bank statements, etc), you can upload them to your secure client portal in Canopy ([app.canopytax.com](http://app.canopytax.com)). Please email ([info@twohillsaccounting.com](mailto:info@twohillsaccounting.com)) or call ([303-223-2575](tel:303-223-2575)) if you have information that has changed from last year which cannot be made clear in the packet. **Once you have received and provided us with all your expected documents, please notify us that the information has been sent and we will begin work on your return.**

Similar to last year, there are two options to complete your return: 1) Review and sign the return via the client portal with any questions clarified via email; or 2) A phone or web conference. We can schedule an appointment for either a web conference or phone call when you have provided us with all your expected documents. Once your return is reviewed, we will need your signature on the IRS and State e-file authorization forms that will be uploaded with your return prior to e-filing. We also require payment of your invoice for tax preparation prior to e-filing your returns. These forms can be signed electronically and uploaded back to Canopy.

## IMPORTANT DEADLINES

The IRS deadline to file or extend your 2022 individual or C corporation tax returns is Tuesday, April 18, 2023. The deadline to file or extend an S corporation or partnership return is Wednesday, March 15, 2023. **For individual returns, it is important to meet our internal document deadline of Wednesday, March 22, 2023. If your complete information is in our office by March 22<sup>nd</sup>, we will make every effort to have your tax return completed by the tax deadline.** If you need a rush return, we can arrange to have that processed but it will be for an additional fee. If we do not receive all necessary

information on a timely basis, or if there are unresolved tax issues or delays in processing, it may become necessary to apply for an extension.

If an extension of time is required, any tax due with the tax return must be paid with the extension. Any amount not paid by the filing deadline of April 18th is subject to interest and late payment penalties. The law provides that various penalties may be imposed when taxpayers understate their tax liability. If you would like information on the circumstances of these penalties, please contact us at [info@twohillsaccounting.com](mailto:info@twohillsaccounting.com).

We look forward to working with you to complete your 2022 tax returns and plan for 2023. Please feel free to contact us if you have any questions or need additional information.

Sincerely,

Brian Hill, CPA, MBA  
Two Hills CPAs, P.C.

Cassandra Kolenda, JD, EA  
Two Hills CPAs, P.C.