

NEWSLETTER

A ccurate	<u>2022 TAX YEAR</u>	Website: www accuratetax.org
T ax	4141 Central Ave. STE 201-k	Phone: 612-216-2062
S ervice	Columbia Heights, MN 55421	Email: info@accuratetax.org

Happy New Years to you and your family. Tax season is here and the last day to file your 2022 tax return without an extension is April 18, 2023. Review the checklist which is included with this newsletter. I advise you wait until you receive all tax documents and other tax forms before setting up an appointment with Gulaid Dualeh. Call, email, text or leave a voicemail and Gulaid will contact you as soon as possible.

Clean Vehicle Tax Credit:

The new credit will allow for a maximum of \$7,500 for new Electric Vehicle's. Up to \$4,000 limited to 30% of the sale price for used Electric Vehicle's. **Requirements:** Income Limit, battery requirement and critical mineral requirement. Starting in 2025, battery minerals cannot come from a "foreign entity of concern," mainly China and Russia. Battery parts cannot be sourced in those countries starting in 2024. *'Make sure you do your Due Diligence before purchase.'*

Minnesota Frontline Worker Pay taxable:

The Frontline Worker Pay Program has paid more than one million frontline workers. The payment is subject to (IRS) federal income tax but not Minnesota state income tax.

Capital gain/loss Forms:

Whether you are reporting short or long term gains (or losses), you will receive form 8949 or form 1099-B from your brokerage firm (fidelity, Robin Hood or etc.) The IRS won't tax you on sales that result in losses. *Cryptocurrency has to always be reported each year when you sell or exchange them. 'Even if you don't receive a tax form for cryptocurrency you still have to report'.*

1099-NEC (Nonemployee Compensation):

Nonemployee compensation (self-employment income) classifies you as an independent contractor rather than as an employee. Taxpayer net earnings (Profit) are subject to self-employment tax (Social Security and Medicare taxes) of 15.3%. A taxpayer will pay federal income tax and self-employment tax on 1099 NEC income. *'If you don't include this income and any other taxable income on your tax return, you may be subject to a penalty. Failing to report income may cause your return to understate your tax liability'.*

Accurate Tax Service

Child Tax Credit:

Kids under the age of 17 may be eligible to claim a tax credit of up to \$2,000 per qualifying dependent when you file your 2022 tax return in 2023. \$1,500 of that credit may be refundable.

Residential Energy Tax Credit:

The residential clean energy property credit is a 30-percent credit for certain qualified expenditures made by a taxpayer. List of expenditures that are eligible: exterior doors (30% of costs up to \$250 per door, up to a total of \$500); exterior windows and skylights (30% of costs up to \$600); You can claim a tax credit for 10% of the cost: Electric or natural gas heat pump water heaters; natural gas, propane or oil furnaces and hot water boilers. *'The residential energy property credit is limited to an overall lifetime credit limit of \$500'.*

Retirement Contributions (401k, IRA & other):

The contribution limit for employees who participate in 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan will increase to \$22,500 in (2023). The limit on annual contributions to an IRA in (2023) will increase to \$6,500. The IRA catch-up contribution limit for individuals age 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.

(HSA) Health Saving Account:

HSA contribution limit: Self-only: \$3,850 & Family: \$7,750. Remember when you use the HSA account for 'medical expenses only' you will have to report that on your tax return each year that it's used. Once form 1099-SA is reported on your tax returns it becomes nontaxable.

Other Credits & Deductions:.

Educator Expense: allows eligible educators to deduct up to \$300 worth of qualified expenses (supplies & etc.) from their income for 2022. **The American Opportunity Tax Credit (AOTC):** Can be claimed in amounts up to \$2,500 per student. The (AOTC) applies only to the first four years of post-secondary school (College) education. After four years in college taxpayers can use **the Lifetime learning Credit.** *Form 1098-T is the tax form college's issues to their student's e-service or by mail.* **Minnesota's 529 College plan:** a maximum credit of \$500.

Secure File portal:

Secure File Pro is a web-based portal that allows you to access tax documents/returns and offers a secure method for sending your supporting tax documents. Set up an account with your email and make a password. Bank loans for mortgages, business loans, financial aid for colleges and more will need tax documents. Sending these documents should be secured and encrypted.