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On behalf of myself, Sandie, Becky, and the entire staff, we would like to thank you for your continued patronage and for the confidence you place in us from year to year. Please note:

- 1) To make sure that we have the most current and accurate information, we are asking that you take a few minutes and fill in our tax questionnaire. It is also important that we have **updated email addresses**, phone numbers, mailing addresses and bank information-please note those changes on the questionnaire.
- 2) Read and sign the engagement letter which explains your responsibilities along with our responsibilities to you.
- 3) Please enclose the completed questionnaire and the signed engagement letter with your tax information that you are supplying to us.
- 4) NO returns will be efiled until the Efile Signature Forms are signed and payment has been made in full for the tax preparation.
- 5) **April 1, 2023** is our cutoff date for appointments and drop off's. Any tax information dropped off after that date may have to be placed on extension.

Tax Law Changes for 2022

1) Smaller Tax Refunds-

Why? Two big reasons:

The expanded Child Tax Credit and the expanded Day Care Credit were not extended to 2022. There is no additional charitable deduction allowed for those that do not itemize.

2) Energy Saving Improvements-

If you made energy saving improvements to your home in 2022, you might be able to claim a tax credit for that improvement. The energy credit has been extended until 2033 and the limits have been expanded. There is no longer a \$500 lifetime maximum. This has been replaced with a \$1200 annual limit for insulation, water heaters, windows, and doors (each of these have their own max amount to arrive at the total of \$1200). There is now a \$2000 annual limit for heat pumps and heat pump water heaters, biomass stoves and boilers also, improving or replacing an electric panel or home energy audit.

3) Mileage-

If you deduct business mileage on your tax return, we will need a breakdown of 1st half of the year mileage and 2nd half of the year mileage.

1/1/2022-6/30/22 Mileage rate was 58.5 cents/mile.

7/1/22-12/31/22 Mileage rate was 62.5 cents/mile.

4) Electric Vehicles-

There are new rules relating to purchases of electric vehicles. These rules do not apply to vehicles purchased in 2022 but start with those purchased in 2023 through 2032. If this is something you are interested in and need more specifications regarding the new rules, contact the office for those details.

5) 1099-K Changes-

The massive changes to the 1099-K form have been delayed until 2024 for the 2023 tax season. According to the old rules for receiving a 1099-K-you must have had more than 200 third-party transactions/year and they would have had to be over \$20000 of income. You will now receive a 1099-K during 2024 if you accept payments for goods and services over a third-party network such as Venmo, PayPal, Zelle and Cash App that are over \$600, even if just one transaction.

The IRS does not tax personal gifts from friends and family or reimbursements for personal expenses. If you receive a 1099-K by mistake, you will need to contact the third-party network that sent the form and have it corrected.

6) Cryptocurrency-

We will again be asking a question about cryptocurrency that needs to be answered on your tax return. This is on the front page of the 1040 and is a high priority with the IRS. Be prepared to answer that question for us. If you engage in such transactions, it is imperative you keep good records and report all the income you have received.

We look forward to working with you this year.

Nancy, Sandie, Becky, and Staff Admin's - Susan, Kathy, and Tom

Nancy Lawrence, EA
28 N 3rd St
Souderton, PA 18964
215-799-2332

ENGAGEMENT LETTER

Thank you for selecting Nancy Lawrence EA Tax Office to assist you with your tax affairs.

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. To ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2022 (or previous years) federal, state and local income tax returns you request, using information which you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. We've enclosed a questionnaire to help us gather the information required for a complete return. If you use the questionnaire, it will help avoid overlooking important information and contribute to the efficient preparation of your tax returns.

It is your responsibility to provide the information required for preparation of complete and accurate returns. You should keep all documents, cancelled checks, and other data that support your reported income and deductions. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You should have substantiation for all deductions that require strict documentation such as charitable contributions, travel and entertainment expenses, and for business usage of automobiles. You bear the full responsibility for the income tax returns and therefore, you should review them carefully.

Our work will not include any procedures to discover misrepresentations, fraud, illegal acts, theft, or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We must use our judgement in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In order to avoid penalties, we will apply the "more likely than not" reliance standard to resolve such issues.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

Your returns may be selected for audit by a taxing authority. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an additional engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement. Please inform us immediately of any notices from any tax agency. In preparing your return, we are not responsible for a taxing authority's assessment of underpayment penalties or interest where this action resulted from erroneous, incomplete, inaccurate, or misrepresented information provided by you, to us.

Our fee for preparation of your tax return is based on a per form/per schedule basis. All invoices are due and payable upon receiving completed taxes. Payment can be made by cash, check or credit card. For your convenience, we accept American Express, MasterCard, Visa, Discover, Zelle, PayPal, ApplePay, and SamsungPay.

Should a tax return require revision after completion through no fault of our firm, revision fees will apply. Any tax return requiring revision due to a legitimate preparation error will be revised at no charge.

We will retain copies of records you supplied to us, along with our work papers for your engagement, for a period of four years. After four years, our work papers and engagement files will be destroyed. You should retain your tax return and all supporting documentation for seven years. All of your original records will be returned to you at the end of this engagement. You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated.

We appreciate your confidence in us.

Nancy L Lawrence, EA Tax office

Accepted By: _____

Accepted By: _____

Date: _____

Client Questionnaire

****Please check the appropriate boxes on entire questionnaire and include all necessary details.****

Fill in all applicable information

EXISTING CLIENTS - any changes to page 1, note below

Taxpayer Name _____ SS# _____ DOB _____ Occupation _____

Spouse Name _____ SS# _____ DOB _____ Occupation _____

Dependent Name _____ SS# _____ DOB _____

Dependent Name _____ SS# _____ DOB _____

Dependent Name _____ SS# _____ DOB _____

Address _____

Taxpayer Cell# _____ Spouse Cell# _____ Home# _____

Taxpayer E-Mail _____ Spouse E-Mail _____

Personal Information

Did your marital status change during the year? YES NO

If yes, explain: _____

Date of change: _____

Did your address change from last year? YES NO

New Address: _____

Date Moved: _____

Can you be claimed as a dependent by another taxpayer? YES NO

Bank Information

Did you change any bank accounts that have been used for direct deposit (or direct debit) with the IRS or other taxing authority during the tax year? YES NO

If yes, provide Bank Name _____

Routing# _____ Account # _____

Checking _____ or Savings _____

NEW CLIENT ONLY- if you owe taxes, do you want to have your payment directly debited from your savings or checking account to the IRS or state? YES NO

If yes, provide Bank Name _____

Routing# _____ Account # _____

Checking _____ or Savings _____

NEW CLIENT ONLY- if you are due a refund, do you want to have your refund directly deposited into your checking or savings? YES NO

If yes, provide Bank Name _____

Routing# _____ Account # _____

Checking _____ or Savings _____

Dependent Information

YES NO

Were there any changes in dependents from the prior year?

If yes, explain: _____

Do you have any children under 19 or a full time student with UNEARNED income (such as interest, dividends, capital gains) in excess of \$2300?

Did you incur any adoption expenses?

Did you pay for child care while you worked, looked for work, or while a full-time student?

If divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities?

Business Information

Did you start a new business or purchase rental property during the year?

Did you sell, exchange, or purchase any assets used in your business?

Did you sell an existing business, rental, or other property during the year?

Investment Information

Did you acquire or dispose of any stock during the year?

If yes, we need dates of purchase and cost basis information, include 1099B forms.

Real Estate Information

Did you sell, exchange, or purchase any real estate, including your personal residence during the year?

If yes, provide settlement statements from the sale and/or purchase.

(HUD1/Closing Disclosure Statement) Include 1099S, if required.

Did you refinance a principal residence or second home this year?

If yes, provide the settlement statement. (Closing Disclosure)

Do you have a Home Equity Loan or Line of Credit?

If yes, was the entire loan used to buy, build or substantially improve your primary residence?

Income Information

Did you receive unemployment compensation? Provide 1099G

Did you receive a Form 1099-K, 1099-MISC, 1099-NEC or other income statement for work done in what is referred to as the "gig" economy?

Did you receive any disability income during the year?

Did any of your life insurance policies mature, or did you surrender any policies?

Did you cash any Savings Bonds?

Did you exercise or receive stock options?

Did you receive cancellation of debt? Provide 1099C or 1099A

Did you receive tip income not reported to your employer this year

If yes, please provide amount: _____

Did you receive any awards, prizes, hobby income, gambling or lottery winnings?

Did you receive any income considered to be nonemployee compensation?

If there are alimony payments paid and or received, was the divorce or separation agreement executed after Dec 31, 2018?

Date divorce was finalized: _____

Did you receive alimony? Provide total received _____

Did you pay any alimony? Provide total paid _____

Cryptocurrency

YES NO

- At any time during the year, did you (a) receive as a reward, award or compensation or (b) sell, exchange, gift or otherwise dispose of a digital asset
- Did you have any sales or other exchanges of virtual currencies (including from an air drop or hard fork) or used virtual currency to pay for goods or services?

Foreign Income/Taxes

- Did you have any foreign income or pay any foreign taxes during the year?
- Did you have a financial interest in or signature authority over a financial account such as a bank, securities, or brokerage accounts located in a foreign country?
- Did you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign country?

Retirement Income Information

- Did you receive Social Security Benefits? Provide SSA1099
- Did you receive any payments from a pension or profit sharing plan?
- If yes, check off type: Pension** _____, **Profit Sharing** _____ Provide 1099R(s)
- Did you make any **withdrawals** from an IRA or Roth IRA?
- If yes, check off type IRA** _____, **Roth IRA** _____
- If yes, were any withdrawals due to a Federally declared disaster?**
- If you received any qualified disaster retirement plan distributions, did you repay any of the distributions in 2022? Provide 1099-R(s)**
- Did you make any **contributions** to an IRA or Roth IRA?
- If yes, check off type IRA** __, **Roth IRA** __ and provide statement(s) showing contribution amount(s) or provide contribution amount(s) \$ _____

Education Information

- Did you have any college expenses during the year on behalf of yourself, your spouse, or a dependent? **If yes, provide form(s) 1098-T**
- Did you make any withdrawals from an education savings/529 Plan account?
- If yes, provide form(s) 1099Q**
- Did you contribute to a 529 plan or educational IRA?
- If yes, please provide name and amount contributed for each child(ren)**
- _____
- Did you make any student loan interest payments during the year? Provide 1098E
- Did you make any contributions or withdrawals from an ABLE account?
- If yes, provide form(s) 5498SA and 1099QA**

Itemized Deduction Information

- Do you make any monetary charitable contributions?
- If yes, provide total amount contributed throughout the year** _____
- Did you make any noncash charitable contributions (clothes, furniture, vehicles, etc.)
- If value is <\$500 provide Fair Market Value of Goods donated** _____
- If value is >\$500 provide documentation:**
- Name of Organization _____
- Date(s) of donation _____
- List of Items Donated _____
- Value of Items Donated _____
- Did you donate a vehicle or boat during the year? **If yes, provide form(s) 1098-C**

Estimated Taxes

YES NO

Did you make any estimated taxes for this tax year?

If yes, please provide amounts by quarter:

	Apr 15, 2022	June 15, 2022	Sept 15, 2022	Jan 15, 2023
Fed 1st Qtr _____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____	
PA 1st Qtr _____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____	
Local 1st Qtr _____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____	

Healthcare Information

Did you buy your insurance thru the Marketplace? If yes, provide form(s) 1095-A Health Savings Accounts-

Did you receive any distributions or make any contributions into an HSA? If yes, provide form(s) 1099SA and 5498SA

Miscellaneous Information

Did you make energy efficient improvements to your main home this year?

If yes, provide documentation - include item purchased and purchase cost

Did you incur any cost for your job, for which you were not reimbursed, such as union dues, uniforms, license fees, liability insurance or small tools?

If yes, provide type of expenses and amounts of each _____

Did you incur expenses as an elementary or secondary educator?

If yes, provide amount spent _____

Did you make gifts of more than \$16,000 to any individual?

Did you incur moving costs because of a permanent change of station as a member of the Armed Forces on active duty?

Did you receive correspondence from the State or the Internal Revenue Service?

If yes, include correspondence with your tax documents.

Do you want to designate \$3 to the Presidential Election Campaign Fund?

Checking yes will not change your tax or reduce your refund.

Tax Documents Required

Provide the following as necessary:

- Forms W-2 for wages, salaries and tips
- All 1099's for Interest, dividends, retirement income, misc income, Social Security, gambling winnings, cancellation of debt income, etc.
- Brokerage statements showing investment transactions for stocks, bonds, etc.
- Sch K-1's from Partnerships, Corporations, Estates and Trusts
- Statements supporting deductions for mortgage interest, Real Estate taxes, charitable contributions, etc.
- Copies of settlement statements regarding the sale, purchase or refinance of real property. (HUD1's)
- Identity Protection PIN (IP PIN) from the IRS for yourself, spouse or dependent

If you have any additional questions, please state below: