

HIBBS & ASSOCIATES, LLC

713 North Third Street, Bardstown, KY 40004
Phone: (502) 348-0276 Fax: (877) 344-0735
WWW.HIBBSANDASSOCIATES.COM

Dear Client,

As important tax documents begin to arrive, we want to remind you which ones we need you to compile and send to us with your tax information. We also want to make you aware that due to the increase in tax return processing costs and complexity of tax reporting our fees will increase this year. Your cooperation in providing all necessary information in an organized and timely fashion will help keep our fees to a minimum and ensure the timely filing of your tax return. *If you can upload documents rather than mail them or drop them off please do so by using the File Exchange option in your secure Net Client CS portal. It is best to wait and upload all documents at one time. If you do not have a portal and would like this option please contact our office so that we can quickly set one up for you. Also feel free to secure your documents in an envelope and use the drop box mounted to our office building to the left of the front door.*

First, there are a couple of new forms this year that most people will see, and which we need you to provide to us:

- IRS Notice 1444-C for the 2021 stimulus check; and**
- IRS Letter 6419 for those that received the advance child credit.**

If you received the child tax credit in advance, please understand that your refund this year may be greatly reduced!

We still need the annual information forms that are sent to you for tax purposes. As a reminder, here is a simple checklist:

- | | |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> W-2 for wages | <input type="checkbox"/> 5498-SA for HSA's |
| <input type="checkbox"/> W-2G for gambling | <input type="checkbox"/> K-1 forms from S corporations, partnerships, trusts, or estates |
| <input type="checkbox"/> 1099-Int for interest | <input type="checkbox"/> Year-end IRA values |
| <input type="checkbox"/> 1099-DIV for dividends | <input type="checkbox"/> IRA and Roth IRA contributions for 2021 |
| <input type="checkbox"/> 1099-B Brokerage | <input type="checkbox"/> Child care costs, and the name, address, amount and ID # of the recipient |
| <input type="checkbox"/> SSA-1099 Social Security | <input type="checkbox"/> Charitable donations-total amounts and recipients |
| <input type="checkbox"/> 1099-NEC for income | <input type="checkbox"/> Property tax paid on your home, property or cars |
| <input type="checkbox"/> 1099-Misc for income | <input type="checkbox"/> Estimated tax payments and dates |
| <input type="checkbox"/> 1099-K for income | <input type="checkbox"/> Any letters you received from the IRS or state tax authorities |
| <input type="checkbox"/> 1099-R for retirement | <input type="checkbox"/> Our engagement letter |
| <input type="checkbox"/> 1099-G for refunds & unemployment | |
| <input type="checkbox"/> 1098-Int for mortgages | |
| <input type="checkbox"/> 1098-T for tuition | |
| <input type="checkbox"/> 1099-SA for HSA's | |

The IRS continues to scrutinize foreign accounts so please be absolutely clear about any foreign accounts or income you may have so we can report it correctly.

If you have bought and/or sold a home in 2021 we need all closing statements.

Virtual currency transactions are becoming more common. There are many different types of virtual currencies, such as Bitcoin, Ethereum and non-fungible tokens (NFTs). The sale or exchange of virtual currencies, the use of such currencies to pay for goods or services, or holding such currencies as an investment, generally has tax impacts. Please let us know if you have any virtual currency activity.

Every year we are reminded how much we value your business, and we want to once again say thank you. Please call us with any questions.

Sincerely,
Hibbs & Associates, LLC

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2021 Year End Business Client Letter:

In this annual letter we want to remind you what we need to prepare this year's tax return. Due to the increase in tax return processing costs and complexity of tax reporting our fees will increase this year. Your cooperation in providing all necessary information in an organized and timely fashion will help keep our fees to a minimum and ensure the timely filing of your tax return. If you can upload documents rather than mail them or drop them off please do so by using the File Exchange option in your secure Net Client CS portal. It is best to wait and upload all documents at one time. If you do not have a portal and would like this option please contact our office so that we can quickly set one up for you.

Tax Return Information Needed

To prepare your tax return we will need the following information from you:

1. Copies of any new bank loans obtained during the year
2. Copies of any new leases signed during the year
3. List any deposits of personal funds contributed to the company by date and amount
4. Copies of any federal or state tax correspondence received during the year
5. Copies of any asset purchase invoices, **including vehicle/equipment trade-in information**
6. Loan balances and interest paid, by loan number, of all business loans as of December 31
7. Copies of year-end bank reconciliation(s) and bank statements
8. Copies of any 4th qtr payroll reports and W-2s/W-3
9. 12/31/21 Year End Balances of the following, if applicable:
 - Accounts Receivable \$ _____
 - Cost of Inventory on Hand \$ _____
 - Accounts Payable \$ _____
 - Unpaid 941 Deposit as of 12/31 \$ _____
 - Unpaid State Withholding deposit as of 12/31 \$ _____
 - Unpaid Sales tax for December \$ _____
 - Unpaid wages earned through 12/31 \$ _____
10. Signed engagement letter (available from our office)
11. Year-end summary of business income and expense activity- including accounting software back-up file, if applicable
12. Sales breakdown by state and city, if applicable. If sales of goods/services has occurred outside the state of KY we will need a breakdown of sales by destination state (state to which product was delivered).
13. Information on any changes in ownership, stock holding, locations or number of stores
14. All Forms 1099-K received
15. Specify if you made any payments in 2021 that would require you to file Form(s) 1099. If yes, inform us if you filed the required Forms 1099.

Please be sure to physically count your inventory, retain the records, and provide us with the accurate total cost of inventory on hand at December 31, 2021. Do not include consignments you are holding from other people in this number. In the event of an audit, you must be able to provide copies of physical count sheets.

Unusual Items for 2021

Reporting for virtual currency is quite unique and we are seeing more and more businesses "dabbling" in virtual currency. If your company bought or sold virtual currency, or accepted it as payment, or used it to pay bills we need some quite detailed information. Please inform us if you have any of this activity in your business for 2021 because the penalties for failing to disclose it are intimidating!

If your business received forgiveness on a 2020 or 2021 PPP loan please provide us with that information. Additionally, if your business received a 2nd PPP loan in 2021 we need to know the amount and date.

The Employee Retention Credit that many businesses have received requires special tax reporting on our part. Please provide copies of all 4 quarters Form 941 and any amended Forms 941 for 2021 if you received this credit.

Every year we are reminded how much we value your business, and we want to once again say thank you. Please call us with any questions.

Sincerely,
Hibbs & Associates, LLC