

## HIBBS & ASSOCIATES, LLC AND AFFILIATES

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. 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. It is best to wait and upload all documents at one time if possible. The easiest way to securely upload information to us this year is through the new **Click here to upload secure files** link found in the signature of each of our emails. Using this link you will be prompted to enter your name and email address then easily upload your files. You will *not* be required to create a login or password and we will receive an automated email when you upload. You can also upload information through the File Exchange option in your secure Net Client CS portal. If you do not already have a portal then please use the secure ShareFile link in our email signature to upload information. *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.*

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

- **W-2 for wages**
- **W-2G for gambling**
- **1099-Int for interest**
- **1099-DIV for dividends**
- **1099-B Brokerage**
- **SSA-1099 Social Security**
- **1099-NEC for income**
- **1099-Misc for income**
- **1099-K for income**
- **1099-R for retirement**
- **1099-G for refunds & unemployment**
- **1098-Int for mortgages**
- **1098-T for tuition**
- **1099-SA for HSA's**
- **5498-SA for HSA's**
- **K-1 forms from S corporations, partnerships, trusts, or estates**
- **Year-end IRA values**
- **IRA and Roth IRA contributions for 2022**
- **Childcare costs, and the name, address, amount and ID # of the recipient**
- **Charitable donations-total amounts and recipients**
- **Property tax paid on your home, property or cars**
- **Estimated tax payments and dates**
- **Any letters you received from the IRS or state tax authorities**
- **Our engagement letter**

Some of you may receive a Form 1099-K for things like EBay or Facebook Marketplace sales, and sometimes for simple cash transfers using a cash between friends app such as Zelle. If you receive a 1099-K this year, please make sure to provide it to us and be prepared for a phone call and some questions from us so that we can report it properly to minimize income tax or determine that tax does not apply.

The IRS continues to scrutinize foreign accounts so please be 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 2022 we need all closing statements on both the purchase and the sale, as well as a list of improvements (with cost) for any improvements you made to the old home.

Cryptocurrency activities continue to cause major tax problems for people that believe it is not reportable. Cryptocurrency is taxable, is reportable, and carries incredible penalties for not reporting, so make sure to discuss it with us 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 and Affiliates

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## 2022 Year End Business Client Letter:

In this annual letter we want to remind you what we need to prepare this year's tax return. 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. It is best to wait and upload all documents at one time if possible. The easiest way to securely upload information to us this year is through the new **Click here to upload secure files** link found in the signature of each of our emails. Using this link you will be prompted to enter your name and email address then easily upload your files. You will *not* be required to create a login or password and we will receive an automated email when you upload. You can also upload information through the File Exchange option in your secure Net Client CS portal. If you do not already have a portal then please use the secure ShareFile link in our email signature to upload information. *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.*

2023 has been a year of minimal tax law changes. However, enforcement efforts by the IRS are increasing and we are particularly aware of audit activity involving ERTC (Employee Retention Tax Credits) and employees misclassified as subcontractors. If you have used a third party to obtain the ERTC or have calculated this credit on your own, please let us know immediately since the ERTC requires special tax reporting. For individuals that you treat as subcontractors be sure that your relationship does not involve your company providing essentially all their work, income, and work hours.

Another area of increased tax exposure comes from an unexpected source: the internet. If you are selling goods or services out of state over the internet or if you have employees working out of state you may need to file sales tax and/or income tax returns in those states. This is not something we prepare unless you tell us about out-of-state activity, so please speak with us about any out of state activity.

We are seeing more and more businesses "dabbling" in virtual currency. If your company bought or sold virtual currency, accepted it as payment, or used it to pay bills we may need some detailed information. Please inform us if you have any of this activity in your business for 2022 because the penalties for failing to disclose it are intimidating!

## 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 4<sup>th</sup> qtr payroll reports and W-2s/W-3
9. 12/31/22 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 have 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 2022 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, 2022. 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.**

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.

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