



TAX TIPS

The News Reporter

A guide with useful information from
the Internal Revenue Service

2023

Thursday, January 19, 2023

It's that time of year again... tax time

1. Get organized

If you don't already have all your tax related information together in one place, start gathering that information now. Information that's missing at the last minute can take up extra time and be costly. A great resource to make sure you have all items needed for taxes, is the Tax Form Checklist on the IRS website.

2. Decide how you will file

Will you file taxes on your own, utilize tax preparation software, or have a tax preparer submit your taxes? Once you decide how you will file your taxes, decide whether you'll file electronically or submit by mail. Many experts recommend filing taxes electronically for accuracy and faster funds.

3. Research options

Whether you decide to utilize a tax preparation software or hire a tax preparer, do your

research and choose your preparer wisely. Ultimately the taxpayer is responsible for all the information on their income tax return no matter who prepares the return.

4. File early

You can file taxes as soon as you have all your information and documents need to prepare it. The earlier you file, the sooner you'll get your refund, or in some cases know how much you will need to save if you owe.

5. Don't guess

If you are filing taxes yourself and are uncertain of an answer or how to proceed when filing taxes, don't guess or make up numbers. These things will come back to haunt you if there are any errors. So when in doubt, look it up on the IRS website or contact a CPA. It's okay to reach out for help.

6. Mind your deadlines

This year's tax deadline is Tuesday, April 18th. This doesn't mean you should procrastinate and then panic as you get closer to the deadline. Rather, mind your deadlines and give yourself plenty of time. If you are going to be late, file an extension to avoid any fines.

7. Check for errors

If you make a mistake on your tax return, it usually takes the IRS longer to process it. Therefore, check for spelling errors, math mistakes, missing information, etc.

8. Start saving

Whether you owe or are expecting a refund it's always best to be saving. Sometimes tax refund delays are expected and you don't want to be short-handed financially when you'd normally expect to receive a nice refund check. Therefore,

try to set aside a small portion of your income now so you'll be prepared to handle any bills or expenses while waiting for your tax refund or when payments are due. Auto transfer is a great way to save by automatically transferring designated funds to a savings account.

9. Create reminders

According to the IRS, generally an individual should make estimated tax payments for the current tax year if both of the following apply:

- You expect to owe at least \$1,000 in tax for the current tax year after subtracting your withholding and refundable credits.
- You expect your withholding and refundable credits to be less than the smaller of:
 - 90% of the tax to be shown on your current year's tax return, or
 - 100% of the tax shown on your prior year's tax return.

(Your prior year tax return must cover all 12 months.)

If this is you, create reminders to pay your quarterly tax payments on time. Failure to make estimated quarterly tax payments will likely result in penalties for both individuals and businesses.

10. Use your return wisely

If you're expecting a tax refund this year, don't let your refund burn a hole in your pocket. Instead, give your refund money purpose. Whether it's putting a portion of your refund toward an emergency fund, paying off high-interest debt, or spending it on something you need, prioritize your financial needs over your desires.



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907 N. Walnut Street
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John L. Grissom, Jr., CPA

ELIZABETHTOWN

1103 W. Broad Street
910-862-3768

Phil W. Byrd, CPA

WHITEVILLE

122 Memory Plaza
910-642-6692

Matthew S. McLean, CPA



Matt McLean, CPA



Jerry W. Brown, CPA
Phil W. Byrd, CPA
Deborah S. Grissom, CPA
John L. Grissom, Jr., CPA
J. Lee Grissom, CPA, CFE

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Member: American Institute of CPA's, NC Association of CPA's

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Matthew S. McLean, CPA
Stephen Parker, CPA
Austin Eubanks, CPA

2023 tax filing season begins Jan. 23

The Internal Revenue Service announced that the nation's tax season will start on Monday, Jan. 23, 2023, when the tax agency will begin accepting and processing 2022 tax year returns.

Get ready to file your federal income tax return with these preparation tips

Rely on IRS.GOV for verified information

Join the millions of people who use IRS.gov to get answers to tax questions, file their tax return, check their refund status or pay their taxes. There's no wait time or appointment needed—start with IRS.gov to find helpful online tools and resources available 24 hours a day.

Protect your data

The official IRS website is IRS.gov and all IRS.gov web page addresses start with <https://www.irs.gov/>. Don't be misled by websites or unsolicited emails claiming to be the IRS but their URLs end in .com, .net or .org, instead of .gov. Take these steps to protect yourself from identity thieves and IRS impersonators.

Stay connected with the IRS

The IRS has several ways you can stay updated on important tax information that may help with tax planning. Follow the IRS' official social media accounts and email subscription lists to stay up to date with the latest tax topics and alerts. Download the IRS-2Go mobile app, watch IRS YouTube videos, subscribe to IRS e-Newsletters or follow the IRS on Twitter, Facebook, LinkedIn and Instagram for the latest updates on tax changes, scam alerts, initiatives, products and services.

Get tax information in your preferred language and format

Tax information can be hard to understand in any language especially if it isn't one you know well. We're translating our tax resources into more languages and currently have basic tax information in twenty languages. To receive written communications from the IRS in other languages as they become available, you can file Schedule LEP, Request for Change in Language Preference. Subscribe to IRS News in Spanish (Noticias del IRS en Español) to receive tax tips and updates in Spanish. Form 9000, Alternative Media Preference, is available to receive written communication in alternative media formats (Braille, Large Print, etc.).

Securely access your individual tax account information online

IRS Online Account lets you see key data from your most recent tax return. You can see your tax balance, view payment plan details and make payments. View

selected correspondence from the IRS. View, approve and electronically sign Power of Attorney and Tax Information Authorization requests from your tax professional. Create or access your account at [IRS.gov](https://www.irs.gov/)/account.

Update your records

Notify the IRS if your address changed to ensure you receive IRS correspondence at your new address. File Form 8822, Change of Address (For Individual, Gift, Estate, or Generation-Skipping Transfer Tax Returns) to update your address with the IRS. Otherwise, IRS will automatically update your records with the address on your tax return when you file your taxes. If you've had a legal name change, notify the Social Security Administration to avoid a delay in processing your tax return.

Review your eligibility for credits and deductions

Life events—purchasing a home, going to college or losing a job—may make you eligible for certain tax benefits. Finding out your eligibility now can help make filing easier next year. Other circumstances, such as getting married or divorced, welcoming a child or experiencing the death of a spouse or a dependent you claim, could also affect your tax benefit eligibility and filing status. To learn more, go to managing your taxes after a life event.

Tax credits and deductions can mean more money in your pocket; and thinking about

your eligibility now can help make filing easier next year. Use the Interactive Tax Assistant on [IRS.gov](https://www.irs.gov/) to find out if you qualify for credits such as the Earned Income Tax Credit, Child and Dependent Care Credit and the Credit for Other Dependents. Families with students may qualify for education credits.

Remember to keep records, including government agency letters, that show your eligibility for credits you claim.

Check your ITIN

If you use an ITIN (Individual Tax Identification Number) to file, make sure it hasn't expired. Go to [IRS.gov/ITIN](https://www.irs.gov/ITIN) for more information.

Prepare to file electronically

E-file is the most accurate way to prepare and file your tax return. Errors delay refunds and the easiest way to avoid them is to file electronically. Tax preparation software guides you through the process and does all the math. Seventy percent of all taxpayers can use free brand name tax software to prepare and file their federal income tax return electronically using IRS Free File. All taxpayers, regardless of income level, can also use IRS Free File Fillable Forms. Older adults, members of the military, and many other taxpayers—depending on their income—may also qualify for free tax return preparation and electronic filing by IRS-trained volunteers through the Volunteer Income

Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) programs.

Get ready to direct deposit your refund

Combining direct deposit with electronic filing is the safest and fastest way for you to get your refund. With direct deposit, your tax refund goes directly into your bank account. There's no reason to worry about a lost, stolen or undeliverable refund check.

If you don't have a bank account, go to the FDIC website or the National Credit Union Administration's Credit Union Locator Tool for information on where to find a bank or credit union that can open an account online and how to choose the right account for you.

Manage refund expectations

Different factors can affect your refund. Be careful not to count on getting a refund by a certain date, especially when making major purchases or paying other financial obligations. See [IRS.gov/refunds](https://www.irs.gov/refunds) for more information.

While the IRS issues most e-file refunds in less than 21 days, it's possible your tax return may require additional review. Some returns take longer to process than others for many reasons, including when a return is incomplete, affected by identity theft or fraud, or includes math errors.

And, if you claim the Earned Income Tax Credit or Additional Child Tax Credit, by law, the IRS cannot issue your refund before mid-February. This timeframe applies to the entire refund, not just the portion associated with these credits.

Unemployment compensation

Unemployment compensation is taxable and must be reported on your income tax return. Unemployment benefit recipients should receive Form 1099-G, Government Payments, from their state unemployment insurance agency in January 2023 either by mail or electronically. Check your state's unemployment compensation website for more information. Form 1099-G reports the amount of unemployment compensation received in Box 1 and any federal income tax withheld in Box 4. Find more information on unemployment benefits in Publication 525.

Find out if you need to adjust your withholding

Did you receive a smaller refund than expected or have an unanticipated tax bill? Use the IRS Tax Withholding Estimator to help decide if you need to adjust your tax withholding or make estimated or additional tax payments. Submit a new Form W-4, Employee's Withholding Allowance Certificate, to your employer if you need to make an adjustment. You can also make estimated or additional tax payments if the withholding from your salary, pension or other income doesn't cover the income tax that you'll owe for the year.

Organize your tax records

Well-organized records make it easier to prepare a tax return and help provide answers if you receive an IRS notice. Keep records and documents that support an item of income, a deduction, or a credit on your return.



IRS rolls out taxpayer service improvements; 4,000 hired to provide more help to people during 2023 tax season on phones

The Internal Revenue Service announced significant progress to prepare for the 2023 tax filing season as the agency passed a milestone of hiring 4,000 new customer service representatives to help answer phones and provide other services.

These assistants have been hired over the last several months and are being trained to provide help to taxpayers, including answering phone questions. This is part of a much wider IRS improvement effort tied to the Inflation Reduction Act funding approved in August. The IRS continues working hard on implementing the landmark 10-year legislation, and updates on other improvement areas will be provided in the near future.

“The IRS is fully committed to providing the best service possible, and we are moving quickly to use new funding to help taxpayers during the busy tax season,” said IRS Commissioner Chuck Rettig. “Our phone lines have been simply overwhelmed during the pandemic, and we have been unable to provide the help that IRS employees want to give and that the nation’s taxpayers deserve. But help is on the way for taxpayers. As the newly hired employees are trained and move online in 2023, we will have more assistants on the phone than any time in recent history.”

The customer service representatives being hired are in various stages of being onboarded. When they join the IRS, they will receive weeks of training to help serve people and improve the taxpayer experience. The training will cover a wide range of issues including technical account management issues and understanding and respecting taxpayer rights.

The goal is to add another 1,000 customer service representatives by the end of the year, bringing the total of new hires in this area to 5,000.

Many employees will be in place for the start of the 2023 tax season, and others will join as their training is completed in the following weeks. Almost all of their training will be completed by Presidents Day 2023; traditionally the period when the IRS sees the highest phone volumes. The IRS anticipates phones will be answered at a much higher level during the 2023 filing season.

IRS improvements and use of the new direct hire authority have speeded the hiring process. This year, these positions have been brought on since August; last year, it took approximately eight months to hire customer service representatives.

“Even though we have new hires in the pipeline, our phone lines remain extremely busy,” Rettig said. “We continue to urge people to first visit IRS.gov for information related to their tax questions. Many of the questions we receive can be answered online, providing faster answers for people than calling. We appreciate taxpayer’s continued patience with us. Please know that we have dedicated employees across the IRS working hard every day to help people on the phone and in-person. IRS employees look forward to providing better service in the near future.”

In addition to the phone assistants, the IRS is also working to hire additional people throughout the agency, not just in taxpayer service areas but in Information Technology and compliance positions – all with a goal of improving the work the IRS does.

“IRS employees make a difference for our nation, and we’re excited that we can add more people to serve taxpayers and support the critical work of tax administration,” Rettig said. “Positions will be open across the country in coming weeks and months, and we encourage potential candidates to visit USAJOBS.gov to look for opportunities.”

Things to think about when choosing a tax preparer

It’s the time of the year when you may be choosing a tax preparer. Choose wisely because you are responsible for all the information on your income tax return.

Tips for selecting a preparer:

- Check the IRS Directory of Preparers.
- Check the preparer’s history or verify enrolled agent status page on IRS.gov.
- Ask about Fees.
- Ask to e-file.
- Make sure the preparer is available.
- Provide records and receipts.
- Review your return before signing.
- Ensure the preparer signs and includes their PTIN.
- Report abusive preparers to the IRS using Form 14157 or Form 14157-A

Southeast Tax

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Haley Barnes Steed

If you owe taxes, you have options

It’s best for all taxpayers to file and pay their federal taxes on time. If you can’t pay the full amount due at the time of filing, consider one of the payments agreements the IRS offers. These include:

- An agreement to pay within the next ten days.
- A short-term payment plan to pay within 11-120 days.
- An installment agreement, to pay the balance due in monthly payments.

Businesses owing \$25,000 or less from the current and prior calendar year, who can pay what they owe within 24 monthly payments, can use the online application.

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Start the new year off by reviewing the Taxpayer Bill of Rights

By law, all taxpayers have fundamental rights when they're interacting with the IRS. These rights apply all year, not just during the filing season. However, knowing and understanding these rights may help taxpayers resolve any filing season questions with confidence. All taxpayers are encouraged to review the Taxpayer Bill of Rights.

This is the first in a series of tips on the Taxpayer Bill of Rights. Each month, Tax Tips will take a closer look at one of the rights presented in the 10 categories listed. For full official details about each right, go to irs.gov.

The right to be informed

Taxpayers have the right to know what they need to do to comply with the tax laws.

The right to quality service

Taxpayers have the right to receive prompt, courteous and professional assistance when working with the IRS and the freedom to speak to a supervisor about inadequate service.

The right to pay no more than the correct amount of tax

Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.

The right to challenge the IRS's position and be heard

Taxpayers have the right to object to formal IRS actions or proposed actions and provide jus-

tification with additional documentation.

The right to appeal an IRS decision in an independent forum

Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including certain penalties.

The right to finality

Taxpayers have the right to know the maximum amount of time they have to challenge an IRS position and the maximum amount of time the IRS must audit a particular tax year or collect a tax debt.

The right to privacy

Taxpayers have the right to expect that any IRS inquiry, examination or enforcement action will comply with the law and be no more intrusive than necessary.

The right to confidentiality

Taxpayers have the right to expect that their tax information will remain confidential.

The right to retain representation

Taxpayers have the right to retain an authorized representative of their choice to represent them in their interactions with the IRS.

The right to a fair and just tax system

Taxpayers have the right to expect fairness from the tax system. This includes considering all facts and circumstances that might affect their liabilities, ability to pay or provide information timely.

Reporting fraud and abuse within the IRS e-file program

All Authorized IRS e-file Providers must be on the lookout for fraud and abuse in the IRS e-file Program. Here's what to look for and how to report it: Indicators of abusive or fraudulent returns may be unsatisfactory responses to filing status questions, multiple returns with the same address, and missing or incomplete Schedules A and C income and expense documentation. A "fraudulent return" is a return in which the individual is attempting to file using someone else's name or SSN on the return or where the taxpayer is presenting documents or information that have no basis in fact.

Note: Fraudulent returns should not be filed with the service. A "potentially abusive return" is a return that

1. is not a fraudulent return;
2. the taxpayer is required to file;
3. but may contain inaccurate information and may lead to an understatement of a liability or an overstatement of a credit resulting in production of a refund to which the taxpayer may not be entitled.

Note: A financial institution's decision to deny a bank product is not necessarily an indication of a potentially abusive return.

You should report fraudulent or abusive returns, including those with questionable Forms W-2, to the IRS by submitting Form 3949-A, Information Referral. You can also report fraudulent or abusive returns without using the IRS form but you must still send the information to the address shown on Form 3949-A. The report should include a delimited text file with the "Field" names from the report format below being in the first row. If the report is not for questionable Forms W-2, the "Notes" field should be used to describe the false items on the return.

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Agent
910-642-8206



Ben Worthington
Agent
910-642-8206

113 West Smith St., Whiteville / Addison Agency

910-642-8206

Wages and Salaries

All wages, salaries and tips you received for performing services as an employee of an employer must be included in your gross income. Amounts withheld for taxes, including but not limited to income tax, social security and Medicare taxes, are considered "received" and must be included in gross income in the year they're withheld. Generally, your employer's contribution to a qualified pension plan for you isn't included in gross income at the time it's contributed. Additionally, while amounts withheld under certain salary reduction agreements with your employer are generally excluded from gross income, such amounts may have to be included in wages subject to social security and Medicare taxes in the year they're withheld. See Publication 17 for specific information.

Your employer should provide you a Form W-2, Wage and Tax Statement showing your total income and withholding. You must include all income and withholding from all Forms W-2 you receive on your tax return, and if filing jointly, you must also include all income and withholding from your spouse's Forms W-2.

Attach a copy of each Form W-2 to the front of your tax return as indicated in

the instructions. For information on tips, refer to Publication 531, Reporting Tip Income, Publication 1244, Employee's Daily Record of Tips and Report to Employer, Topic No. 761, Tips - Withholding and Reporting, and Is My Tip Income Taxable? For information on excess social security or railroad tax withholding, refer to Topic No. 608, Excess Social Security and RRTA Tax Withheld.

Please note that self-employment income is generally reported on Form 1099-NEC, Nonemployee Compensation. For more information on business income, refer to Topic No. 407, Business Income and Publication 334, Tax Guide for Small Business.

If you receive a Form W-2 after you've filed your return, file an amended tax return, Form 1040-X, Amended U.S. Individual Income Tax Return. For more information on amended returns, refer to Topic No. 308, Amended Returns and Should I File an Amended Return? Your Form W-2 should be made available to you by Jan. 31, 2023. For information about incorrect Forms W-2 or non-receipt, refer to Topic No. 154, Form W-2 and Form 1099-R (What to do if incorrect or not received).

Form W-2 and Form 1099-R (What to do if incorrect or not received)

If your Form W-2, Wage and Tax Statement and/or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. aren't available to you by Jan. 31, 2023, or if your information is incorrect on these forms, contact your employer/payer. If you still haven't received the missing or corrected form by the end of February, you may call the IRS at 800-829-1040 for assistance (see telephone assistance for hours of operation). When you call, please have the following information available:

- Your name, address (including ZIP code), phone number, taxpayer identification number, and dates of employment,
- Your employer/payer's name, address (including ZIP code), and phone number.

The IRS will contact the employer/payer for you and request the missing or corrected form. The IRS will also send you a Form 4852, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., along with a letter containing instructions for you.

If you don't receive the missing or corrected form in sufficient time to file your tax return, you may use Form 4852 to complete your return. Estimate your wages or the payments made to you and any taxes withheld and report them on Form 4852.

If you receive the missing or corrected Form W-2 or Form 1099-R after you file your return and the information differs from your estimates, you must file Form 1040-X, Amended U.S. Individual Income Tax Return. For additional information on filing an amended return, see Topic No. 308 and Should I File an Amended Return?

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*****Attention*****

If you have all your income forms (W2, 1099, etc.) and all your deductions you can come in to pre-process your information and have your return ready to e-file on opening day.

More taxpayers may receive a form 1099-K

Form 1099-K, Payment Card and Third-Party Network Transactions, is an IRS information return used to report certain payment transactions and helps to improve voluntary tax compliance.

The American Rescue Plan of 2021 changed the reporting threshold for third-party settlement organizations (TPSOs), including payment apps and online third party settlement organizations. The new threshold requires reporting of transactions in excess of \$600 per year; changed from the previous threshold of an excess of 200 transactions per year and an excess of \$20,000. TPSOs are required to report payments for goods and services.

On Dec. 23, 2022, the IRS announced that calendar year 2022 will be treated as a transition year for the reduced reporting threshold of \$600.

For calendar year 2022, third-party settlement organizations who issue Forms 1099-K are only required to report transactions where a payee's gross payments exceed \$20,000 and there are more than 200 transactions.

Even though the Form 1099-K reduced reporting requirement for third-party settlement organizations is delayed, some individuals may still receive a Form 1099-K who have not received one in the past. Some individuals may receive a Form 1099-K for the sale of personal items or

in situations where they received a Form 1099-K in error (i.e. for transactions between friends and family, or expense sharing). IRS is updating guidance to direct taxpayers to report these scenarios on the Form 1040, Schedule 1, for tax year 2022, if they are not able to have the Form corrected by the payer.

For more information about this update see Understanding Your Form 1099-K.

When will I get the 1099-K and what should I do with it? 2022 Forms 1099-K must be furnished to the payee by Jan. 31, 2023. Use this information return with your other tax records to determine your correct tax.

What is not reported on a 1099-K? Money received as a gift or reimbursement of a share of a meal or rent should not be reported on a 1099-K.

Ensure tax records are complete before filing. The IRS advises people who may receive a Form 1099 for the first time – especially “early filers” who typically file a tax return during the month of January or early February – to be careful and make sure they have all of their key income documents before submitting a tax return. A little extra caution could save people additional time and effort related to filing an amended tax return, or responding to an inquiry from the IRS.

What if the information is wrong? If the information is incorrect on the 1099-K, contact

the payer whose name appears in the upper left corner on the form. Keep a copy of all correspondence with the payer with your records.

If a Form 1099-K is received in error and a corrected Form 1099-K can't be obtained, follow the guidance for individuals provided on the Understanding Your Form 1099-K webpage.

E-file and direct deposit help expedite tax refunds

You should file electronically using direct deposit as soon as you have everything you need to file an accurate return. Here's why electronic filing is best.

E-file software helps you avoid mistakes by doing the math. It guides you through each section of your tax return using a question-and-answer format. The IRS incorporated recent changes to the tax laws into forms and instructions like the 1040 and 1040-SR. The agency shared these updates with its partners to ensure e-file software is accurate.

You qualify to prepare and e-file your federal income tax return for free through IRS Free File if your Adjusted Gross Income is \$73,000 or less. You may also qualify to have your taxes e-filed for free through IRS volunteer programs. Volunteer Income Tax Assistance offers free tax preparation to people who generally earned \$58,000 or less. Tax Counseling for the Elderly generally helps people who are age 60 or older.



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IRS notices and bills, penalties, and interest charges

Generally, April 15 is the deadline for most people to file their individual income tax returns and pay any tax owed. During its processing, the IRS checks your tax return for mathematical accuracy. When processing is complete, if you owe any tax, penalty, or interest, you will receive a bill.

- Generally, interest accrues on any unpaid tax from the due date of the return until the date of payment in full. The interest rate is determined quarterly and is the federal short-term rate plus 3 percent. Interest compounds daily. Visit Newsroom Search for the current quarterly interest rate on underpayments.

- In addition, if you file a return but don't pay all tax owed on time, you'll generally have to pay a late payment penalty. The failure-to-pay penalty is one-half of one percent for each month, or part of a month, up to a maximum of 25%, of the amount of tax that remains unpaid from the due date of the return until the tax is paid in full. The one-half of one percent rate increases to one percent if the tax remains unpaid 10 days after the IRS issues a notice of intent to levy property. If you file your return by its due date and request an installment agreement, the one-half of one percent rate decreases to one-quarter of one percent for any month in which an installment agreement is in effect. Be aware that the IRS applies payments to the tax first, then any penalty, then to interest. Any penalty amount that appears on your bill is generally the total amount of the penalty up to the date of the notice, not the penalty amount charged each month. See Topic No. 202 at irs.gov for information about payment options.

- If you owe tax and don't file on time, there's also a penalty for not filing on time. The failure-to-file penalty is usually five percent of the tax owed for each month, or part of a month that your return is late, up to a maximum

of 25%. If your return is over 60 days late, there's also a minimum penalty for late filing; it's the lesser of \$450 (for tax returns required to be filed in 2023) or 100 percent of the tax owed. See Topic No. 304 for information about extensions of time to file if you can't file on time.

You must file your return and pay your tax by the due date to avoid interest and penalty charges. Often, you can borrow the funds necessary to pay your tax at a lower effective rate than the combined IRS interest and penalty rate.

Electronic payment options, available on the IRS Payments page, are the most convenient ways for you to pay your federal taxes. However, if you decide to pay by mail, be sure to return the tear-off stub on your bill and use a return envelope, if provided. To make sure your payment credits properly to your account, please:

- Make your check or money order payable to the United States Treasury
- Enter the taxpayer identification number (social security number, individual taxpayer identification number, or employer identification number) of the primary taxpayer
- Enter the tax year and form number
- Ensure your name, address, and telephone number are on the payment
- Don't send cash

For more information about ensuring proper credit of payments, see Topic No. 158.

The IRS may abate your penalties for filing and paying late if you can show reasonable cause and that the failure wasn't due to willful neglect. Making a good faith payment as soon as you can, may help to establish that your initial failure to pay timely was due to reasonable cause and not willful neglect. If you're billed for penalty

charges and you have reasonable cause for abatement of the penalty, send your explanation along with the bill to your service center, or call us at 800-829-1040 for assistance (see telephone assistance for hours of operation). The IRS doesn't generally abate interest charges and they continue to accrue until all assessed tax, penalties, and interest are fully paid.

There are some exceptions to the general deadlines for filing a return and paying tax, such as:

- If you're a member of the Armed Forces and are serving in a combat zone or contingency operation. Refer to Publication 3, Armed Forces' Tax Guide for additional information and qualifications.

- If you're a citizen or resident alien working abroad. Refer to Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad for details.

- If you were a victim in certain disaster situations. In those situations, the IRS has the authority to postpone filing and payment deadlines. Search keyword "disaster" on IRS.gov for more information.

It's important that you review your notice or bill. If after reviewing it you believe there's an error, write to the IRS office that sent it to you within the time frame given or call the number listed on your notice or bill for assistance. You should provide photocopies of any records that may help the IRS address the error. If you're correct, we'll make the necessary adjustment to your account and send you a revised notice.

For more information about IRS notices and bills, refer to Publication 594, The IRS Collection Process. For more information about penalties, refer to our Penalties page. For more information about penalty and interest charges, refer to Chapter 1, Filing Information, of Publication 17, Your Federal Income Tax for Individuals.

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IRS announces tax relief for victims of Hurricane Ian in North Carolina

Victims of Hurricane Ian that began Sept. 28 in North Carolina now have until Feb. 15, 2023, to file various individual and business tax returns and make tax payments, the Internal Revenue Service announced.

Following the recent disaster declaration issued by the Federal Emergency Management Agency, the IRS announced today that affected taxpayers in certain areas will receive tax relief.

Individuals and households affected by Hurricane Ian that reside or have a business anywhere in the state of North Carolina qualify for tax relief. The declaration permits the IRS to postpone certain tax-filing and tax-payment deadlines for taxpayers who reside or have a business in the disaster area. For instance, certain deadlines falling on or after Sept. 28, 2022, and before Feb. 15, 2023, are postponed through Feb. 15, 2023.

This means individuals who had a valid extension to file their 2021 return due to run out on Oct. 17, 2022, will now have until Feb. 15, 2023, to file. The IRS noted, however, that because tax payments related to these 2021 returns were due on April 18, 2022, those payments are not eligible for this relief.

The Feb. 15, 2023, deadline applies to the quarterly estimated tax payments, normally due on Jan. 17, 2023 and to the quarterly payroll and excise tax returns normally due on Oct. 31, 2022, and Jan. 31, 2023. Businesses with an original or extended due date also have the additional time, including calendar-year corporations whose 2021 extensions run out on Oct. 17, 2022.

Penalties on payroll and excise tax deposits due on or after Sept. 28, 2022, and before Oct. 13, 2022, will be abated as long as the tax deposits are made by Oct. 13,

2022.

If an affected taxpayer receives a late filing or late payment penalty notice from the IRS that has an original or extended filing, payment or deposit due date that falls within the postponement period, the taxpayer should call the telephone number on the notice to have the IRS abate the penalty. For information on services currently available, visit the IRS operations and services page at [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus).

The IRS automatically identifies taxpayers located in the covered disaster area and applies filing and payment relief. But affected taxpayers who reside or have a business located outside the covered disaster area should call the IRS disaster hotline at 866-562-5227 to request this tax relief.

Covered disaster area

North Carolina, South Carolina and Florida constitute a covered disaster area for purposes of Treas. Reg. §301.7508A-1(d)(2) and are entitled to the relief detailed below.

Affected taxpayers

Taxpayers considered to be affected taxpayers eligible for the postponement of time to file returns, pay taxes and perform other time-sensitive acts are those taxpayers listed in Treas. Reg. § 301.7508A-1(d)(1), and include individuals who live, and businesses (including tax-exempt organizations) whose principal place of business is located, in the covered disaster area. Taxpayers not in the covered disaster area, but whose records necessary to meet a deadline listed in Treas. Reg. § 301.7508A-1(c) are in the covered disaster area,

are also entitled to relief. In addition, all relief workers affiliated with a recognized government or philanthropic organization assisting in the relief activities in the covered disaster area and any individual visiting the covered disaster area who was killed or injured as a result of the disaster are entitled to relief.

Under section 7508A, the IRS gives affected taxpayers until Feb. 15, 2023 to file most tax returns (including individual, corporate, and estate and trust income tax returns; partnership returns, S corporation returns, and trust returns; estate, gift, and generation-skipping transfer tax returns; annual information returns of tax-exempt organizations; and employment and certain excise tax returns), that have either an original or extended due date occurring on or after Sept. 28, 2022, and before Feb. 15, 2023.

Affected taxpayers that have an estimated income tax payment originally due on or after Sept. 28, 2022, and before Feb. 15, 2023, will not be subject to penalties for failure to pay estimated tax installments as long as such payments are paid on or before Feb. 15, 2023.

The IRS also gives affected taxpayers until Feb. 15, 2023, to perform other time-sensitive actions described in Treas. Reg. § 301.7508A-1(c)(1) and Rev. Proc. 2018-58, 2018-50 IRB 990 (Dec. 10, 2018), that are due to be performed on or after Sept. 28, 2022, and before Feb. 15, 2023, are postponed through Feb. 15, 2023.

This relief also includes the filing of Form 5500 series returns that were required to be filed on or after Sept. 28, 2022, and before Feb. 15, 2023, are postponed through Feb. 15, 2023, in the manner described in sec-

Continued on page 11



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Get your refund faster — tell IRS to direct deposit your refund to one, two or three accounts

The best and fastest way to get your tax refund is to have it electronically deposited for free into your financial account. The IRS program is called direct deposit. You can use it to deposit your refund into one, two or even three accounts.

Eight out of 10 taxpayers get their refunds by using Direct Deposit. It is simple, safe and secure. This is the same electronic transfer system used to deposit nearly 98 percent of all Social Security and Veterans Affairs benefits into millions of accounts.

Combining direct deposit with IRS e-File is the fastest way to receive your refund. IRS issues more than 9 out of 10 refunds in less than 21 days. You can track your refund using the IRS' Where's My Refund? tool.

Direct deposit is easy to use. Just select it as your refund method through your tax software and type in the account number and routing number. Or, tell your tax preparer you

want direct deposit. You can even use direct deposit if you are one of the few people still filing by paper. Be sure to double check your entry to avoid errors.

YOUR NAME 1234 Main Street Anywhere, OH 00000 123 DATE _____

PAY TO THE ORDER OF _____ \$ _____ DOLLARS

044072324 000123456789 123

ROUTING NUMBER ACCOUNT NUMBER CHECK NUMBER

Direct deposit also saves you money. It costs the nation's taxpayers more than \$1 for every paper refund check issued, but only a dime for each direct deposit made.

The federal tax refund is often the largest single check many people receive. It's an op-

portunity to start or add to your savings. You can divide your refund into two or three additional financial accounts, including your Individual Retirement Account, or purchase

up to \$5,000 in U.S. Series I Savings Bonds.

Splitting your refund is easy. You can use your tax software to do it electronically. Or, use IRS' Form 8888, Allocation of Refund (including Savings Bond Purchases) if you file a paper return. Just follow the

instructions on the form. If you want IRS to deposit your refund into just one account, use the direct deposit line on your tax form.

With split refunds, you have a convenient option for managing your money — sending some of your refund to an account for immediate use and some for future savings — teamed with the speed and safety of direct deposit.

Your refund should only be deposited directly into accounts that are in your own name; your spouse's name or both if it's a joint account. No more than three electronic refunds can be deposited into a single financial account or prepaid debit card. Taxpayers who exceed the limit will receive an IRS notice and a paper refund.

Whether you file electronically or on paper, direct deposit gives you access to your refund faster than a paper check.

Direct deposit also avoids the possibility that your check could be lost or stolen or returned to IRS as undeliverable.

Taxpayers should hang up if tax season scammers come calling

The tax filing season is a popular time for scammers to call and try to dupe unsuspecting taxpayers. These thieves often make threatening or alarming calls posing as the IRS to try to steal taxpayer money or personal information.

However, it's easy for people to recognize this scam by knowing how the IRS contacts taxpayers.

The IRS will never:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer. Generally, the IRS will first mail a bill to any taxpayer who owes taxes.

- Threaten to immediately bring in local police or other law enforcement groups to have the taxpayer arrested for not paying.

- Demand that taxes be paid without giving taxpayers the opportunity to question or appeal the amount owed.

- Call unexpectedly about a tax refund.

Taxpayers who receive these phone calls should:

- Record the number and then hang up the phone immediately.

- Report the call by visiting the Hotline page of Treasury Inspector General for Tax Administration and using an IRS Impersonation Scam Reporting form or by calling 800-366-4484.

- Forms to report fraud are available on the Hotline page of Treasury Inspector General for Tax Administration website. Taxpayers just click the appropriate option under "IRS Scams and Fraud" and follow the instructions.

- Report the number to phishing@irs.gov and put "IRS Phone Scam" in the subject line.

Understanding the difference between standard and itemized deductions

One of the first decisions taxpayers must make when completing a tax return is whether to take the standard deduction or itemize their deductions. There are several factors that can influence a taxpayer's choice, including changes to their tax situation, any changes to the standard deduction amount and recent tax law changes.

Generally, most taxpayers use the option that gives them the lowest overall tax.

As taxpayers begin to think about filing their tax return, here are some things they should know about standard and itemized deductions.

Standard deduction

The standard deduction amount increases slightly every year. The standard deduction amount depends on the taxpayer's filing status, whether they are 65 or older or blind, and whether another taxpayer can claim them as a dependent.

Taxpayers who are age 65 or older on the last day of the year and don't itemize deductions are entitled to a higher standard deduction.

Most filers who use Form 1040 can find their standard deduction on the first page of the form. The standard deduction for most filers of Form 1040-SR, U.S. Tax Return for Seniors, is on the last page of that form.

According to the Instructions for Form 1040 and 1040-SR, not all taxpayers can take a standard deduction, including:

- A married individual filing as married filing separately whose spouse itemizes deductions - if one spouse itemizes on a separate return, both must itemize.

- An individual who files a tax return for a period of less than 12 months. This is uncommon and could be due to a change in their annual accounting period.

- An individual who was a nonresident alien or a dual-status alien during the year. Nonresident aliens who are mar-

ried to a U.S. citizen or resident alien, however, can take the standard deduction in certain situations.

Itemized deductions

Taxpayers choose to itemize deductions by filing Schedule A, Form 1040, Itemized Deductions. Itemized deductions that taxpayers may claim include:

- State and local income or sales taxes
- Real estate and personal property taxes
- Home mortgage interest
- Personal casualty and theft losses from a federally declared disaster
- Gifts to a qualified charity
- Unreimbursed medical and dental expenses that exceed 7.5% of adjusted gross income

Some itemized deductions, such as the deduction for taxes, may be limited. Taxpayers should review the instructions for Schedule A Form 1040 for more information on limitations.

Hurricane Ian

Continued from page 9

tion 8 of Rev. Proc. 2018-58. The relief described in section 17 of Rev. Proc. 2018-58, pertaining to like-kind exchanges of property, also applies to certain taxpayers who are not otherwise affected taxpayers and may include acts required to be performed before or after the period above.

Unless an act is specifically listed in Rev. Proc. 2018-58, the postponement of time to file and pay does not apply to information returns in the W-2, 1094, 1095, 1097, 1098 or 1099 series; to Forms 1042-S, 3921, 3922 or 8027; or to employment and excise tax deposits.

Casualty losses

Affected taxpayers in a federally declared disaster area have the option of claiming disaster-related casualty losses on their federal income tax return for either the year in which the event occurred, or the prior year. See Publication 547 for details.

Individuals may deduct personal property losses that are not covered by insurance or other reimbursements. For details, see Form 4684, Casualties and Thefts and its instructions.

Affected taxpayers claiming the disaster loss on their return should put the Disaster Designation, "NC Hurricane Ian" in bold letters at the top of the form. Be sure to include the FEMA disaster declaration number, DR-3586-NC- on any return. See Publication 547 for details.

Other relief

The IRS will waive the usual fees and requests for copies of previously filed tax returns for affected taxpayers. Taxpayers should put the assigned Disaster Designation "N.C. Hurricane Ian" in bold letters at the top of Form 4506, Request for Copy of Tax Return, or Form 4506-T, Request for Transcript of Tax Return, as appropriate, and submit it to the IRS.

Affected taxpayers who are contacted by the IRS on a collection or examination matter should explain how the disaster impacts them so that the IRS can provide appropriate consideration to their case. Taxpayers may download forms and publications from the official IRS website, IRS.gov.

Where's my refund?

1. When to check...

- 24 hours after you e-file
- 4 weeks after you mail your paper return
- Updates are made daily, usually overnight

2. What you need...

- Social security number
- Filing status
- Exact refund amount

3. How...

Get your refund status at
<https://sa2.Www4.Irs.Gov/irfof/lang/en/irfofgetstatus.Jsp>

If you e-file, you can generally expect your refund in less than 21 days. There is no need to call our toll-free number unless "where's my refund?" specifically indicates that you should.

Also download the IRS2Go app to check your refund status.

Information courtesy of irs.gov



Year-End Tax Tips To Help Boost Your Return

By Mary B. Williamson, State Farm® Agent

Take advantage of smart year-end financial moves that can help reduce your income tax liability when you file next spring. Bernard Kiely, CFP, CPA, dean of the National Association of Professional Financial Advisors (NAPFA) University School of Taxation, offers these tips:

1. Donate to qualified charities and organizations: You can generally deduct contributions of up to 50 percent of your adjusted gross income to qualified charities and organizations if they're made before December 31. Consider:

Donating stock. You can generally deduct the fair market value of donated stock.

Using a community foundation. You direct the money, and the foundation pays it out over a period of years. You can generally deduct the donation the year you paid the foundation.

2. Contribute to your 401(k): Add pre-tax money to your 401(k) before the end of the year to reduce your taxable income.



Mary Bullard Williamson

3. Sell losing stock: Sell losing stock before year's end to deduct the capital losses against any capital gains you realized, and reduce your taxes on the money you earned from successful stock. Once you've offset your capital gains, you, as an individual, can generally use any excess losses to reduce ordinary income up to an annual limit of \$3,000

4. Focus on long-term capital gains: "A short-term capital gain is a stock or mutual fund you've bought and sold in less than one year," says Kiely. Long-term capital gains are taxed at fixed interest rates. Short-term capital gains are taxed at your ordinary income tax rate. Use the time now to evaluate your financial portfolio and shift more funds to investments that offer longer-term tax savings.

5. Fund a Coverdell Education Savings Account (ESA): Many states allow residents to deduct contributions made to an education savings account. In general, the designated beneficiary of a Coverdell ESA can receive tax-free distributions to pay qualified education expenses.

These are just five ways to help reduce your tax liability—visit a financial planner for many more.

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Refund information

Refund timing

The IRS issues more than 9 out of 10 refunds in the normal time frame: less than 21 days. However, it's possible that some tax returns may require further review and could result in the refund being delayed.

Some common issues which may extend processing times:

- You filed your return on paper.
- Refunds from amended returns are generally issued within 16 weeks. Please note that due to COVID-19 processing delays, it's taking us more than 20 weeks to process amended returns.
- If you filed an injured spouse claim, refer to Injured Spouse Relief for more information.
- For refund claims with an application for an individual taxpayer identification number (ITIN) attached, refer to Topic No. 857 for more information.

• If you requested a refund of tax withheld on a Form 1042-S by filing a Form 1040-NR, allow up to 6 months from the original due date of the 1040-NR return or the date you filed the 1040-NR, whichever is later, to receive any refund due.

• The IRS expects the earliest Earned Income Tax Credit and Additional Child Tax Credit related refunds to be available in taxpayer bank accounts or on debit cards by Feb. 28 if you chose direct deposit and there are no other issues with the tax return. However, some taxpayers may see their refunds a few days earlier. Check Where's My Refund? for your personalized refund date.

You can also refer to Topic No. 303 for a checklist of common errors made when preparing your tax return and for additional items that may delay the processing of your return.

Call about your refund status only if Where's My Refund? directs you to contact the IRS.

Refund type

Join the nine in 10 taxpayers who get their refunds faster by using e-file and direct deposit. You have several options for receiving your federal individual income tax refund:

- **Direct Deposit:** The fast-

est way is by direct deposit into your checking or savings account, including an individual retirement arrangement (IRA). See the Instructions for Form 1040 (and Form 1040-SR) for more information. In an effort to combat fraud and identity theft, the IRS limits the number of direct deposits into a single financial account or pre-paid debit card to three refunds per year. Taxpayers who exceed this limit will receive a notice and a refund check instead, which may take up to 10 weeks;

- **TreasuryDirect®:** Deposit into a TreasuryDirect® online account to buy savings bonds. For more information, see the Instructions for Form 1040 (and Form 1040-SR);

- **Traditional, Roth, or SEP-IRA:** Directly deposit part or all of your refund into a traditional IRA, Roth IRA, or SEP-IRA, but not a SIMPLE IRA. You must have an existing IRA account before you file your return, and your routing number and account number. See the Instructions for Form 1040 (and Form 1040-SR) for more information. For more information on IRA contributions, see Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs);

- **Savings Bonds:** By purchase of U.S. Series I Savings Bonds up to \$5,000;

- **A Health Savings Account (HSA);**

- **An Archer MSA;**
- **A Coverdell Education Savings Account (ESA);** or

- **Paper Check:** By paper check sent to the address listed on your return.

Splitting your refund

If you choose to receive your refund by direct deposit, you can split your refund into as many as three separate accounts. For example, you can request that we directly deposit into a checking, a savings, and a retirement account by completing Form 8888, Allocation of Refund (Including Savings Bond Purchases) and attaching it to your income tax return. You can also use Form 8888 to buy up to \$5000 in paper or electronic series I savings bonds. You can't have your re-

fund deposited into more than one account or buy paper series I savings bonds if you file Form 8379, Injured Spouse Allocation. As a reminder, your refund should only be directly deposited into accounts that are in your own name, your spouse's name, or both if it's a joint account. Your refund should not be direct deposited into an account in your return preparer's name. Please note, to receive your refund by direct deposit (whether into one account or more), the total refund amount must be \$1.00 or more.

Online or mobile device

Where's My Refund? has the most up to date information available about your refund. Use it to get your personalized refund status. The tool is updated once a day, so you don't need to check more often. You can also download our free mobile app, IRS2Go, from an iPhone or Android device to check Where's My Refund?

Checking your refund status

You can start checking on the status of your refund within:

- 24 hours after e-filing a tax year 2022 return
- 3 or 4 days after e-filing a tax year 2020 or 2021 return
- 6 months or more after filing a paper return

Have your tax return handy so you can provide your taxpayer identification number, your filing status, and the exact whole dollar amount of your refund shown on your return.

General information

Where's My Refund? provides information for the current and two previous tax years. If you need other return information, view your Online Account.

Where's My Refund? includes a tracker that displays progress through 3 stages: (1) Return Received, (2) Refund Approved, and (3) Refund Sent. Where's My Refund? provides a personalized refund date as soon as the IRS processes your tax return and approves your refund. It doesn't show information about amended returns. To check the status of an

amended return, use Where's My Amended Return?

Where's My Refund? has the most accurate and complete refund information available. IRS representatives don't have information beyond what's shown on Where's My Refund? so you don't need to call the IRS unless the tool says the IRS can provide more information to you. Updates to refund status are made once a day - usually at night.

Telephone access

If you don't have Internet access, you may call the refund hotline at 800-829-1954 to check on your tax year 2022 refund. To check on an amended return, call 866-464-2050.

Not entitled to refund received

If you receive a refund to which you're not entitled, or for an amount that's more than you expected, don't cash the check. For a direct deposit that was greater than expected, immediately contact the IRS at 800-829-1040 and your bank

or financial institution. If you receive a notice from the IRS explaining an adjustment to a refund amount, you should do as instructed in the notice. For information about returning an erroneous refund, see Topic No. 161.

Refund less than expected

If you receive a refund for a smaller amount than you expected, you may cash the check. You'll get a notice explaining the difference. Follow the instructions on the notice. If it's determined that you should have received more, you will later receive a check for the difference.

Missing refund check

If your refund check is lost, stolen or destroyed, the IRS will initiate a refund trace to determine the status of the refund. See I lost my refund check. How do I get a new one?

Additional information

For more information about refunds, see Tax Season Refund Frequently Asked Questions.

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Save for retirement now, get a tax credit later:

Saver's Credit higher limits can help low- and moderate-income workers save more in 2023

The Internal Revenue Service reminds low- and moderate-income workers that they can save for retirement now and possibly earn a special tax credit in 2022 and years ahead.

The Retirement Savings Contributions Credit, also known as the Saver's Credit,



helps offset part of the first \$2,000 workers voluntarily contribute to Individual Retirement Arrangements, 401(k) plans and similar workplace retirement programs. The credit also helps any eligible person with a disability who is the designated beneficiary of an Achieving a Better Life Experience (ABLE) account, contribute to that account. For more information about ABLE accounts, see Publication 907, available on IRS.gov.

The Saver's Credit is available in addition to any other tax savings that apply.

Still time to take action

Eligible workers still have time to make qualifying retirement contributions and get the Saver's Credit on their 2022 tax return. People have until April 18, 2023 - the due date for filing their 2022 return - to set up a new IRA or add money to an existing IRA for 2022. Both Roth and traditional IRAs qualify.

On the other hand, those participating in workplace retirement plans must take action by the end of 2022 for contributions to count for this year. This means elective deferrals (contributions) must be made by Dec. 31 to a:

- 401(k) plan.
- 403(b) plan for employees of public schools and certain

tax-exempt organizations.

- Governmental 457 plan for state or local government employees.

- Thrift Savings Plan (TSP) for federal employees.

Contributions to certain other workplace retirement plans also qualify. See the instructions to Form 8880 for details.

Employees unable to set aside money this year may want to schedule their 2023 contributions soon so their employer can begin withholding them in January.

Who qualifies

Income limits, based on a taxpayer's adjusted gross income and marital or filing status, apply to the Saver's Credit. But due to inflation, the limits will increase markedly in 2023.

As a result, the Saver's Credit can be claimed by:

- Married couples filing jointly with incomes up to \$68,000 in 2022 or \$73,000 in 2023.

- Heads of household with incomes up to \$51,000 in 2022 or \$54,750 in 2023.

- Married individuals filing separately and singles with incomes up to \$34,000 in 2022 or \$36,500 in 2023.

Like other tax credits, the Saver's Credit can increase a taxpayer's refund or reduce the tax owed. Though the maximum Saver's Credit is \$1,000 (\$2,000 for married couples), the IRS cautioned that it is often much less and, due in part to the impact of other deductions and credits, may, in fact, be zero for some taxpayers.

A taxpayer's credit amount is based on their filing status, adjusted gross income, tax liability and amount contributed to qualifying retirement programs or ABLE accounts. Form 8880 is used to claim the Saver's Credit, and its instructions have details on figuring the credit correctly.

In tax year 2020, the most recent year for which complete figures are available, Saver's

Credits totaling more than \$1.7 billion were claimed on about 9.4 million individual income tax returns. That's an average of about \$186 per eligible return.

The Saver's Credit supplements other tax benefits available to people who set money aside for retirement. For example, most workers may deduct their contributions to a traditional IRA. Though Roth IRA contributions are not deductible, qualifying withdrawals, usually after retirement, are tax-free. Normally, contributions to 401(k) and similar workplace plans are not taxed until withdrawn.

Some restrictions apply

Other special rules that apply to the Saver's Credit include:

- Eligible taxpayers must be at least 18 years of age.

- Anyone claimed as a dependent on someone else's return cannot take the credit.

- A student cannot take the credit. A person enrolled as a full-time student during any part of 5 calendar months during the year is considered a student.

Any distributions from a retirement plan or ABLE account reduce the contribution amount used to figure the credit. For 2022, this rule applies to distributions received after 2019 and before the due date, includ-

ing extensions, of the 2022 return. Form 8880 and its instructions have details on making this computation.

To learn more about other ways to get ready for the tax season ahead, visit [IRS.gov/getready](https://www.irs.gov/getready).

Find out if you're eligible for the earned income tax credit

If you have low-to-moderate income, the earned income tax credit can give you a substantial financial boost.

Your eligibility can change from year to year, so it's a good idea to use the EITC Assistant to find out if you qualify.

Eligibility can be affected by major life changes like:

- a new job or loss of a job
- unemployment benefits
- a change in income
- a change in marital status
- the birth or death of a child
- a change in a spouse's employment situation

You qualify based on your income and the filing status you use on your tax return. The credit can increase if you have one or more children who live with you for more than half the year and meet other requirements.

Visit [IRS.gov](https://www.irs.gov) to learn more.

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401(k) limit increases to \$22,500 for 2023, IRA limit rises to \$6,500

The Internal Revenue Service announced that the amount individuals can contribute to their 401(k) plans in 2023 has increased to \$22,500, up from \$20,500 for 2022. The IRS today also issued technical guidance regarding all of the cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2023 in Notice 2022-55, posted on IRS.gov.

Highlights of changes for 2023

The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to \$22,500, up from \$20,500.

The limit on annual contributions to an IRA increased to \$6,500, up from \$6,000. The IRA catch up contribution limit for individuals aged 50 and over is

not subject to an annual cost of living adjustment and remains \$1,000.

The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to \$7,500, up from \$6,500. Therefore, participants in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan who are 50 and older can contribute up to \$30,000, starting in 2023. The catch-up contribution limit for employees aged 50 and over who participate in SIMPLE plans is increased to \$3,500, up from \$3,000.

The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs, and to claim the Saver's Credit all increased for 2023.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or the taxpayer's spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income. (If neither the taxpayer nor the spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.) Here are the phase out ranges for 2023:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$73,000 and \$83,000, up from between \$68,000 and \$78,000.

- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to between \$116,000 and \$136,000, up from

between \$109,000 and \$129,000.

- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to between \$218,000 and \$228,000, up from between \$204,000 and \$214,000.

- For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.

The income phase-out range for taxpayers making contributions to a Roth IRA is increased to between \$138,000 and \$153,000 for singles and heads of household, up from between \$129,000 and \$144,000.

For married couples filing jointly, the income phase-out range is increased to between \$218,000 and \$228,000, up from between \$204,000 and \$214,000.

The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.

The income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is \$73,000 for married couples filing jointly, up from \$68,000; \$54,750 for heads of household, up from \$51,000; and \$36,500 for singles and married individuals filing separately, up from \$34,000.

The amount individuals can contribute to their SIMPLE retirement accounts is increased to \$15,500, up from \$14,000.

Details on these and other retirement-related cost-of-living adjustments for 2023 are in Notice 2022-55, available on IRS.gov.

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How to pay your taxes

If you owe taxes, the IRS offers several options where you can pay immediately or arrange to pay in installments:

- **Electronic Funds Withdrawal.** Pay using your bank account when you e-file your return.

- **Direct Pay.** Pay directly from a checking or savings account for free.

- **Credit or debit cards.** Pay your taxes by debit or credit card online, by phone, or with a mobile device.

- **Pay with cash.** You can make a cash payment at a participating retail partner. Visit IRS.gov/paywithcash for instructions.

- **Installment agreement.** You may be able to make monthly payments, but you must file all required tax returns first. Apply for an installment agreement through the Online Payment Agreement tool.

Most U.S. citizens – and permanent residents who work in the United States – need to file a tax return if they make more than a certain amount for the year.

You may want to file even if you make less than that amount, because you may get money back if you file. This could apply to you if you:

- Have had federal income tax withheld from your pay

- Made estimated tax payments

- Qualify to claim tax credits such as the Earned Income Tax Credit and Child Tax Credit

Do You Need to File a Tax Return?

Here's how to figure out if you should file a tax return this year:

- Look at your income to see if you made the minimum required to file a tax return

- Decide which filing status is best for you (you may be required to file a tax return depending on your filing status,

income and age)

- If you're retired, find out if your retirement income is taxable

- Find out if you qualify to claim certain credits and deductions to lower the amount of tax you owe

- Use the Interactive Tax Assistant to see if you need to file

Benefits of Filing a Tax Return

Get money back. In some cases, you may get money back when you file your tax return. For example, if your employer withheld taxes from your paycheck, you may be owed a refund when you file your taxes.

Avoid interest and penalties. You may avoid interest and penalties by filing an accurate tax return on time and paying any tax you owe in the right way before the deadline. Even if you can't pay, you should file on time or request an extension to avoid owing more money.

Protect your credit. You may avoid having a lien placed

against you when you file an accurate tax return on time and pay any tax you owe in the right way before the deadline. Liens can damage your credit score and make it harder for you to get a loan.

Apply for financial aid. An accurate tax return can make it easier to apply for help with education expenses.

Build your Social Security benefit. Claiming your self-employment income on your return ensures that it will be included in your benefit calculation.

Get an accurate picture of your income. When you apply for a loan, lenders will look at your tax return to figure your interest rate and decide if you can repay. If you file accurate tax returns, you may get a loan with a lower interest rate and better repayment terms.

Get peace of mind. When you file an accurate tax return and pay your taxes on time, you'll know that you're doing the right thing to follow the law.

Be ready to verify your identity when calling the IRS

When you call the IRS, they will ask you to verify your identity.

IRS phone assistants take great care to only discuss personal information with you or someone you authorize to speak on your behalf. To make sure that you do not have to call back, have the following information ready:

- Social Security numbers and birth dates for those who were named on the tax return

- An Individual Taxpayer Identification Number letter if the you have one

- Your filing status

- The prior-year tax return

- A copy of the tax return in question

- Any IRS letters or notices you received.

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