



December 2023

Dear Client,

2023 was yet another year of extended deadlines. The January storms in California prompted a first, second, and then third deadline extension that resulted in another prolonged tax stretch for Diane and me. We've decided the term "tax season" is no longer appropriate as long as the deadlines keep extending; "tax stretch" is much more accurate.

Despite this, 2023 was still rainbows and sunshine compared to some previous years that we no longer care to mention. Along with the help from all of you, we've settled into a comfortable remote system that we plan to continue for the foreseeable future. And no, Diane still has no plans to retire, but is enjoying a bit of much-deserved respite from her previous long hours. We look forward to working with you again in 2024.

RECENT TAX LAWS

There have been no noteworthy tax laws passed in 2023. The most recent significant tax bills were the Inflation Reduction Act of 2022 and the Secure 2.0 Act which also passed in 2022. The Inflation Reduction Act included numerous clean energy credit provisions, which are highlighted (again) on a separate sheet. The Secure 2.0 Act included changes to retirement plan contributions and distributions; our year-end tax planning tips letter has been updated to reflect the changes resulting from this Act.

YEAR-END TAX PLANNING TIPS and TAX PROJECTIONS

We have prepared a separate sheet that includes some routine year-end suggestions and general information. Contact us to discuss your situation or for a personalized strategy. An income tax projection allows you to plan for tax liabilities, assists in deciding when your taxes need to be paid to avoid or reduce penalties, and what alternatives and options you have available to alter the result. This is something that can be prepared at any time during the year and can be updated as often as you desire. We use assumptions and estimates in preparing these projections, so there are no guarantees. However, it is a valuable tool to use when making an informed decision.

OTHER SERVICES

We are available for your entire professional advisory needs. We can often offer suggestions before you do something that may save you money. For example, we can assist you in deciding whether to exercise stock options, to purchase or sell a business or real estate and how to calculate the required minimum distributions from retirement plans.

2023 FILING DEADLINE

Believe it or not, this year's tax filing deadline is Monday, **April 15, 2024**. Of course, this is pending no major storms, disasters, zombie apocalypses, etc.

EXTENSION REQUEST

We will efile extension requests for all individuals whose tax information is received after **Sunday, March 10, 2024**. *Please note that we must have your information in hand by this date!* Any income tax balance due amounts must be estimated and paid by April 15, 2024 to avoid interest and penalties. All information required for us to calculate extension payment amounts must be received by **Monday April 1, 2024**. If you do not notify us otherwise or if we do not receive the necessary information for your extension calculation by April 1, 2024, we will automatically efile your extension request with "zero" balance due amounts. In other words, if we prepared your 2022 tax returns and haven't heard from you by April 1, 2024, we will efile an extension for you and bill you accordingly.

PENALTIES

You are required to have a minimum amount of withholding and/or estimated tax payments during the year in order to avoid any potential penalties for underpayment of your tax. As a result, it is important to review your withholding and estimated tax payments before the end of the year. If you do not meet the minimum amounts, you should increase your withholding or make an estimated tax payment as soon as possible.

REMOTE WORKING AND MULTI-STATE TAX RETURNS

There's been an obvious trend the past years with remote working and moving among states. Many of you, like Diane and me, have moved out-of-state, transitioned to remote work, or have even taken on the super-commute (live in one state and fly to another state to work). Unfortunately, determining state income sourcing has become a complex tax issue, especially since most states have laws that haven't caught up to the increasing blurring of state lines. State audits are increasing for out-of-state income sourcing and there's been added pressure on employers to accommodate remote workers and handling out-of-state payroll tax withholdings. We bring this up here to ensure that you are not only aware of the tax return complexity and risk of audits, but also as a reminder to contact us during the year if this may apply to you. We can review your situation to make sure you have sufficient income tax withholding deducted for the correct state and/or if you should be paying state estimated tax payments.

INTERVIEW AND DROP-OFF OPTIONS

We offer tax interviews over the phone or via video conferencing. We will again offer a limited number of face-to-face appointments with Diane in Fremont from 2/19/24 through 2/22/24. You can also schedule a 10-minute appointment slot to drop off your tax package during this week. Please contact Diane by phone or email no later than January 31 to reserve your spot. We continue to encourage all clients to provide tax documents and completed organizers electronically. Documents and organizers can be uploaded to your Sharefile account (preferred method), sent via secure email, or provided via flash drive. Again, electronic transmission is not required and we understand if it's easier for you to continue to provide paper documents. Paper documents and completed organizers can be sent via FedEx, UPS or USPS to our private mailbox ("PMB") in Sisters, Oregon.

PAPERLESS ORGANIZERS AND TAX RETURNS CONTINUE

The following continue for the 2024 tax season:

- **Organizer packages** – Organizers will ALL be sent via email as PDF attachments by January 15, 2024. Engagement letters can be signed electronically, questionnaires can be filled out within Adobe, and your personal organizer can be completed in certain Adobe versions. Alternatively, all these items can be printed at home, completed by hand and then scanned or mailed to us.
 - ✓ Paper organizers ~ For those of you who have requested paper organizers in the past, I have noted this and will do the same again for 2023 unless you tell me otherwise.
 - ✓ E-organizers ~ We will no longer be offering the E-organizers generated by our software provider. We apologize for the inconvenience, but ongoing technical issues have made this necessary. In addition, the PDF fill-in option has provided a far superior alternative.
- **Completed tax returns** – Paper tax return copies are not provided unless specifically requested each year. In addition to the environmental impact and many clients telling us that paper copies are no longer wanted; this decision was made as a way for us to streamline our tax season hours. Completed tax returns will be uploaded to Sharefile without your social security number. When your tax returns are complete, I will send you an email with your results, payment instructions and options. Any original documents you sent to us will be returned by FedEx.
- **Payment vouchers** – We are strongly encouraging all clients to discontinue sending paper checks and vouchers to the government agencies. All agencies recommend the same and the FTB continues to impose penalties for certain taxpayers that do not pay electronically. Electronic payments are the safer, more secure option. We will continue to provide electronic payment instructions in lieu of vouchers unless you specifically request vouchers.

REFERRALS

We have always appreciated your confidence by referring your friends and family to our firm. However, to better service our existing long-term clients, we have currently decided not to take on new clients for the 2024 tax season. We will notify you when we are able to accept new clients again in the future.

HOLIDAY HOURS

We wish you and your families a very enjoyable holiday season and a prosperous new year. Diane and I will be available on a limited basis by phone or email during our firm's holiday break between Monday December 18, 2023 to Monday January 1, 2024. We encourage you to contact us with any year-end questions before December 13th to ensure a timely answer.

Sincerely,

Rebecca Perry Diane Perry

Friedman & Perry
Certified Public Accountants

