

**Laguna-Business-Services, LLC.**

**www.LBServices.com**

**480.967.4702**

**Fax: 480.753.6755**

**(All 2023 new tax law changes are highlighted in red)**

## **2023 Income Tax Checklist**

Please review the following 2023 checklist information. Provide statements or receipts for any information that applies to your tax situation. Disregard any information that does not apply to you. Please add up all individual receipts ahead of time providing amount totals whenever possible.

Please be aware that this checklist is subject to change and revisions as per IRS updates. The latest revision is the date noted on the bottom of each page.

### **IRS Identity Theft Precautions**

- Because of the rampant identity theft occurring on tax returns, the IRS is now requiring you to provide your tax preparer some type of photo ID. This will be a one-time situation providing I prepare your future tax returns. A valid driver's license is the preferred document. Please provide:

Issuing state: <i.e.; Arizona>

License number: <i.e.; B13347710>

Issue date: <i.e.; 10/15/2002>

Expiration date: <i.e.; 10/15/2045>

- If "Married-Filing-Jointly" you both will provide your ID at the time of your appointment. You are welcome to provide your ID's info ahead of time via "secure email", FAX or via telephone if you are comfortable doing so. **Photo ID info for dependents are NOT required.**
- If a valid driver's license is not an option you may use a valid state issued ID card, passport, account statement from a financial institution, utility billing statement, or credit card billing statement.
- If the IRS has sent you a **six digit Identity Protection PIN**, please provide this number or your tax return may NOT properly e-file.

## Personal Information

- Provide your full legal name, social security number, occupation, date of birth, address and phone number for both you and your spouse.
- Provide full legal name, social security number, date of birth, relationship to you and number of months each dependent lived in your household during 2023. You MUST provide a “valid” social security number for every individual claimed on your tax return.

## E-filing Your Tax Return

- The IRS requires you to e-file your 2023 tax return unless there is an overriding reason that you are not able. The IRS does NOT want to deal with paper returns whenever possible.
- ~~2020 tax returns can only be e-filed if e-filed by the 2024 April 15<sup>th</sup> deadline.~~
- 2021 and 2022 tax returns can be e-filed during the 2023 Income Tax filing season.

## Income Received

- W2 forms from all places of employment. If you are not considered an “employee” you are generally classified as “self-employed”. You must then file a “Schedule C” on your personal 1040 tax return.
- Statements from all other sources of taxable income. You MUST claim all income even if no “1099” or “official statement” was issued.
- Be sure to include items such as unemployment, social security, tips, etc. Include alimony, spousal maintenance, prizes, jury duty, lottery and gambling winnings, commissions and fees, etc.
- Interest and dividend income received from any financial institutions.
- Distributions received from IRA's, retirement plans, pensions, annuities, or taxable disability.
- Please provide information if you engaged in any Virtual Currency transactions.
- State income tax refund received in 2023 may be taxable.

## **Foreign-Source Income**

- If you are a US citizen with income from sources outside the United States (foreign income), you must report all such income on your tax return unless it is exempt by law or a tax treaty.

## **Capital Gains and Losses**

- Income (or loss) from capital gains/losses. Include investments, stocks, bonds, sale of rental or other business property, etc.
- 
- Expenses you incurred with this gain (or loss). Information such as date of purchase/acquisition and date. Costs associated with any of these sales.
- Provide records such as “purchase price” or “fair market value” at time of purchase/acquisition and any fees charged.
- Property/Investments held for one year are considered “Short-Term-Investments and are always taxed at “ordinary income”
- Property/Investments held for more than one year are considered “Long-Term-Investments and are always taxed as follows:

## **Business/Self-Employment Income (LLC / S Corp)**

- Business income is generally reported on your personal 1040 “Schedule C” as self-employed income. Single member limited liability companies share the same tax treatment as the self-employed.
- Multiple member limited liability companies and S Corps are required to file an additional more complex “Business Tax Return”.
- Provide details of any expenses you incurred while producing this income. Expenses are items such as advertising, car and truck expenses (or mileage), interest, office expenses, rent or lease, depreciation, repairs, supplies, telephone, health insurance, Keogh retirement or SEP, travel or meals & entertainment, etc.
- Include expenses related to using your primary residence as your “home office”. Expenses are items such as mortgage interest, cleaning and repairs, supplies, insurance, taxes, HOA fees, landscaping, utilities, etc.

## **Other Income**

- Total income from any rental property you own. Include payments received for any rent, royalties, partnerships, estates and trusts, etc.

- Include details on any expenses you incurred with this income. Expenses are items such as advertising, auto mileage and travel expenses, interest, depreciation, cleaning and repairs, supplies, insurance, taxes, utilities or telephone, etc.
- Alimony or “spousal maintenance” that you received could be taxable to you. You must provide the payers name and social security number and the date your divorce was made final.
- If you sold your “Primary Residence” please provide details to determine if you will be subject to the capital gains tax. Please provide any **1099(s)** issued in regards to this sale.
- Please provide any other **1099(s)** issued in regards to any other type of sale(s) Whether you believe it is taxable or not.

## Adjustments to Income

- Alimony or “spousal maintenance” that you are court ordered/required to pay may be deductible. You must provide the recipient's name and social security number and the date your divorce was made final.
- Contributions to a Roth IRA are NEVER deductible. Your contribution to a traditional IRA may be deductible. Ask to determine if contributing to an IRA will benefit you.
- **Beginning in 2023, the IRA contribution limit is increased to \$6,500 for individuals under age 50.**
- **IRA contribution limit is increased to \$7,500 for individuals age 50 or older.**
- State income tax payments made in 2023 for 2022 or any previous year.

## New Clean Vehicle Credit

- The Alternative Motor Vehicle Credit has expired. The credit for new qualified plug-in electric drive motor vehicles has changed. This credit is now known as the **Clean Vehicle Credit**. The maximum amount of the credit and some of the requirements to claim the credit have changed.

## Previously Owned Clean Vehicle Credit

- This credit is available for previously owned clean vehicles acquired and placed in service after 2022.

## Contributions made to a 529 College Savings Plan

- All or part of any contribution made to a 529 College Savings Plan may be deductible on your AZ state tax return. Please inquire to determine if your 529 College Savings Plan contribution will be deductible.

## The Affordable Care Act

- If you have insurance through an employer, The Affordable Care Act will NOT affect you.
- If you pay for your own insurance through The Affordable Care Act marketplace and receive a government subsidy, the Affordable Care Act will affect you. Please provide any Form 1095-A sent by The Affordable Care Act marketplace.
- AZ has no penalty for NOT having health insurance! Check to determine if your state still accesses the penalty. If so, please provide any Form 1095 sent by your insurance company.

Please inquire to determine if the Affordable Care Act will affect you.

## Child Tax, Additional-Child-Credit and Earned Income Credit

- Please inquire to determine if your dependent child will qualify you for either of these credits. **The child tax credit remains \$2000 but the additional-child-tax credit has increased up to \$1600 per qualifying child that has NOT reached the age of 17.**

## “Standard-Deduction” (vs.) “Itemized-Deductions”

- The IRS has made changes to the Standard-Deductions numbers. One must make a decision if they will take the Standard Deduction if Itemized deductions do not exceed their Standard Deduction.
- **Single or Married-Filing-Separately has increased to \$13,850.**
- **Married-Filing-Jointly and Qualifying surviving spouse has increased to \$27,700.**
- **Head-of-Household has increased to \$20,800.**

- This means that the following few categories **MAY** not add up to beat your Itemized-Deduction(s) and you **MAY** be better off taking your Standard-Deduction. The items in question run through “Miscellaneous Deduction”.

## Medical and Dental Expenses

- Total of all out-of-pocket medical expenses not reimbursed by your insurance company. Medical and dental insurance premiums paid from “pre-tax” compensation are never deductible.
- Contributions made to a “health savings account” may be deductible. Cost and supporting documentation for any items purchased that were prescribed /recommended by your doctor. Be sure to include hearing aids, dentures, eyeglasses, contact lenses and special medical equipment, etc.
- Total number of miles you drove related to medical expenses. Include any out of town travel, living and lodging expenses.
- You may only claim medical expenses that are in excess of 10% of your gross income. If you are able to itemize deductions, the state of AZ State still allows 100% deduction of all out-of-pocket (non-reimbursed) medical expenses.

## Deductions for your Primary Residence

- Property taxes, mortgage interest and mortgage insurance premiums paid on your primary or a secondary residence.
- 2023's “Home Improvements” are generally not deductible. They are potentially deductible at your time of sale. **Certain 2023 energy efficient upgrades may qualify for a current year residential tax energy credit.**
- **If you upgraded your HVAC unit and it meets or exceeds 14 SEER and 12 EER ratings you will also qualify for the residential energy credit.**

## Interest Paid

- Interest paid on a student loan may be deductible. Please provide any info provided from the institution.
- Credit card interest and other finance company charges are generally not deductible. Ask to determine if any special circumstances allow a deduction for any of these expenses.

## Charitable Contributions

- Amounts donated by cash or check to a church or other non-profit organization. Include the “fair market value” of items donated to a tax deductible charity. You are required to save your receipts in case of future IRS inquiry.
- Include “total miles” driven for charitable purposes if you were not reimbursed for mileage.

## Miscellaneous Deductions

- These Items are no longer deductible on your federal Tax return.They may be still deductible on your State return.
- Cost of any items purchased or expenses incurred that were required by your employer. Include “total miles” driven in your vehicle if you were not reimbursed for mileage. Daily “commuting mileage is **NEVER** deductible. Expenses such as education, equipment, union dues, work boots or uniforms, dry-cleaning, etc.
- Fees charged or taxes paid to register your personal automobile or other personal property.

## Casualty theft and losses

- Casualty theft and losses not recouped or reimbursed by an insurance company may be deductible.

## Moving Expenses

- Expenses incurred related to new or current employment. Lodging, travel, storage, transportation, etc. are no longer deductible. The only deductible moving expenses are those related to military moves.

## Education Expenses

- Ask to determine if “tuition paid” by you, spouse or dependents qualify for the lifetime learning or other credits.
- Please provide any 1098-T issued by any of these institutions.

## Child Care Expenses

- Child or daycare expenses paid. You **MUST** include provider's name, address, social security or ID number or the credit will be not allowed.

## State and Local Sales Tax Deduction

- Sales taxes paid on luxury items such as cars, motorcycles, motor homes, RV's, SUV's, trucks, vans and off-road vehicles "may" be deductible if detailed receipts and records are kept. Your receipts must total more than the "default" amount allowed.

## Miscellaneous Information

- Provide records of any 2023 estimated/quarterly federal and state income tax payments made in 2023/2024.
- Please provide a copy of your previous year's tax return if Laguna Business Services did not prepare your 2023 income taxes.
- Provide receipts/documentation for any items that you question or think may be deductible.

Because of our country's current economic challenges there have been many changes to this and next year's tax laws. Please do not hesitate to call with any questions you may have. Laguna Business Services looks forward to serving you!

**Laguna-Business-Services, LLC.**  
**www.LBServices.com**  
**480.967.4702**  
**Fax: 480.753.6755**

