



# Tax Planning Zoom Meeting

**Zoom: 7:30PM to 8:10 PM EST Sunday 12/1/24 & Wednesday 12/11/24**

## Agenda

1. CINDIE Intro – CPA Firm for Tax, Accounting, Audit - <https://cindiellc.com/about/>
  2. Critical Days - Review timelines to stay on time <https://cindiellc.com/tax-filing-dates/>
  3. Important Contents - Follow the CINDIE's checklists (Videos available) for completeness <https://cindiellc.com/form/> Kate, Gefei and Brandon
  4. Records Keeping/Knowledge Updates - Record your facts to retain the numbers, dates, events etc <https://cindiellc.com/blog/>
  5. IRS/Gov Audit - Status, Strategy and Study-Case 国税局审计现状,案例分析
- Add-on: Special Tax Deduction Subjects 减税主题

732-896-0272 cpa@cindiellc.com 200 Centennial Ave, Suite 106, Piscataway, NJ 08854



# CINDIE Intro

- CINDIE – A registered CPA Firm
- Tax – Planning, Strategy, Preparation
- Accounting – Bookkeeping, Reporting
- Payroll – Client portal self-service or full service
- Assurance – Forensic, Review and Compilation
- Audit – by EliteCPA P.C.

<https://cindiellc.com/about/>



# CINDIE's and Gov's Critical Days

*Review timelines to stay on time*

<https://cindiellc.com/tax-filing-dates/> 查看这些时间表以保持准时

## CINDIE Courtesy Reminder - Critical Tax Dates

Business Bank Statements for Bookkeeping DUE by 1/5 & Various Tax forms for Tax Return DUE by 2/28

2024 S Corporate and Partnership Tax due by March 15

2024 Corporate, Individual and Trust/Fiduciary Tax Return due by April 15

2024 Non-profit Tax Return due by May 15

### Business tax deadlines

The key IRS filing dates for your taxes to remember are:

1. **January 31**
  - Form 1096/1099 NEC and Form W-2/W3 (Forms 1099-B, 1099-S, and 1099-MISC (if amounts are reported in boxes 8 or 10) due on February 15.
2. **March 15**
  - IRS Form 1065 and Schedule K-1 for **partnerships and multi-member LLCs**
  - IRS Form 1120S and Schedule K-1 for S-corporations
3. **April 15**
  - Schedule C and your personal tax return for sole proprietorships and LLCs taxed as disregarded entities.
  - IRS Form 1120 and Schedule K-1 for C-corporations
  - Some states might vary based on the holiday
  - The IRS has extended the tax filing deadline if there is state emergency.

You can request an extension up until the day your taxes are due through CINDIE

If the IRS approves your request, you may not pay certain penalties if you file by:

- **September 15** for partnerships and S-corporations
- **October 15** for sole proprietorships, C-corporations and LLCs taxed as disregarded entities

Remember that the extension granted is for filing only and not for your payment responsibilities, so you'll typically have to pay taxes owed by the original deadline.

### Estimated quarterly tax payments

If you're a sole proprietor, partner, LLC member or independent contractor and pay estimated taxes, quarterly tax payments are due by:

- **April 15** for Q1
- **June 15** for Q2
- **September 15** for Q3
- **December 15** for Q4 - C-corporations only
- **January 15, following year** for Q4

Visit [IRS.gov](https://www.irs.gov) for more information about quarterly estimated tax payments

### Reporting quarterly payroll taxes with employees

The IRS requires you to file Form 941 to report the amounts of federal income taxes and other payroll taxes you have been withholding from your employees. Submit the forms by:

- **May 2** for Q1
- **August 1** for Q2
- **October 31** for Q3
- **January 31, 2023**, for Q4

If you need more information, the IRS has an online calendar featuring a complete listing of tax-related due dates for businesses and self-employed individuals.



# Important Contents

*Follow CINDIE's Business and Individual Checklist (Videos available) to ensure completeness*

- Same Secure Data Upload Site

## CINDIE Client Forms

**Important Update:** Please choose the form and upload the completed documents to CINDIE Client Data Secure Site (Note: Please type your name and email and we will receive notice.) Or, email it to [cpa@cindiellc.com](mailto:cpa@cindiellc.com) for an evaluation.

- Video explanation

- Business <https://www.youtube.com/watch?v=VqCKoBaCmF0>
- Individual <https://www.youtube.com/watch?v=cIKz51s7ayU>

- Web-based forms: <https://cindiellc.com/form/> 仔细查看 CINDIE 的问询表

**Business: Open and Manage a new company**

- Form and start a new company
  - Click here for company formation [State Filing Rates, Client Questionnaire, Fee](#) 成立公司
- Dissolve an existing company
  - Click here for company dissolution [State Dissolution Change Filing Info Request Change](#) 结束公司

**Business: Standard Engagement for various services including bookkeeping, payroll and income taxes etc**

- Click here for [Engagement Letter of Agreement and Procedure](#)
- Click here for [Employee Payroll Information Form](#)
- Please find the W-4 form at <https://www.irs.gov/pub/irs-pdf/fw4.pdf>

**Business: BOI Beneficial Owner Information Reporting**

- Click here for [BOI Reporting Checklist](#)
- Click here for [BOI Reporting Checklist CN中文](#).
- Click here for Engagement and government Beneficial Owner Reporting Requirements
- Do it yourself by following the instruction by logging into <https://www.fincen.gov/boi-faqs>

**Business: Become a CINDIE Client for Business Income Tax Return**

- Click here for [2024 Business Tax Checklist & Engagement](#) (Click here for [YouTube Video](#))
- Click here for [2024 Business Tax Questionnaire w. CN中文](#).
- Click here for [2024 Foreign Accounts](#).

**Business: 1099 Contractor filing**

- Click here for [2024 Business Tax Checklist and Engagement](#)
- Click here for [1099 Contractor Service Agreement](#) form
- Click here for [1099 Contractor Info](#) form
- Please find the W-9 form at <https://www.irs.gov/pub/irs-pdf/fw4.pdf>

**Individual: Become a CINDIE Client for Individual Income Tax Return**

- Click here for [2024 Personal Tax Checklist and Engagement](#) (Click here for [YouTube Video](#))
- Click here for [2024 Personal Tax Questionnaire Online](#)
- Click here for 2024 Personal Tax Planning Questionnaire Chinese中文
- Click here for [2024 Rental Income and Expenses](#).
- Click here for [2024 Personal Business or Single Member LLC Income and Expenses](#).
- Click here for [2024 Foreign Accounts](#).
  - Individual: Foreign Financial Assets Reporting and How to File FBAR
  - (Report of Foreign Bank and Financial Accounts (FBAR). FBARs are due April 15, 2024, but a taxpayer who fails to timely file will automatically receive an extension to October 15, 2024)
  - Let us do it for you, please fill up the 2023 Foreign Accounts form above
  - Do it yourself by following the instruction by logging into <http://bsaeifiling.fincen.treas.gov/NoRegFBARFiler.html>

Note: Any resident (Not applicable to NR) individual with total amount of \$10,000 for all his/her oversea accounts will need to report every account via this website. Please make sure you file the FBAR via this website by April 15, 2024. Please see the difference in attached comparison of FBAR requirement and F8938 requirement.

**Individual: Financial Planning, Estate and Trust Planning, Foreign Gift Tax Filing**

**Individual Financial and Tax Planning Checklist and Engagement Letter:**

- Fillable Tax Planning Worksheet Form
- PDF Tax Planning Form

**Other**

- Form 8938: Instruction <https://www.irs.gov/pub/irs-pdf/i8938.pdf>
- Gift Letter Sample : You can use the form as a sample letter: Gift Form To whom it may concern
- Form 3520 : Instruction <https://www.irs.gov/pub/irs-pdf/i8938.pdf>





Email: [cpa@cindiellc.com](mailto:cpa@cindiellc.com) Phone: 732-896-0272 [www.cindiellc.com](http://www.cindiellc.com) 信涛注册会计师事务所

## Business Accounting/Tax Engagement Checklist 年记账报税签收认证清单

\*\*Please upload copies of tax forms received and supporting documents 请根据需要上传政府表格和详细信息的副本

<https://www.dropbox.com/request/7ufiRCpBRR7RjBkZ7eR> CINDIE Tax document upload site 文件上传链接, 密码是变化的

<https://www.youtube.com/channel/UCHbK0Aemo8KDbvMvJFd3cDA> YouTube channel

- ☐ Business Name 客户名字: \_\_\_\_\_ ☐ Certificate Date 成立日 \_\_\_\_\_ ☐ EIN 税号 \_\_\_\_\_
- ☐ Mailing/Business Address 地址 \_\_\_\_\_ ☐ Tele 电话: \_\_\_\_\_ ☐ Email 邮件: \_\_\_\_\_
- ☐ Owner Name 负责人/公司名字: \_\_\_\_\_ Ownership % \_\_\_\_\_ ☐ DOB 生日 \_\_\_\_\_ ☐ SSN 社安号/ EIN 税号 \_\_\_\_\_
- \*\* copy of a Driver License or passport for BOI reporting
- ☐ Other Owner Name 负责人公司名字: \_\_\_\_\_ ☐ DOB 生日 \_\_\_\_\_ ☐ SSN 社安号/ EIN 税号 \_\_\_\_\_
- ☐ Other Owner Name 负责人公司名字: \_\_\_\_\_ ☐ DOB 生日 \_\_\_\_\_ ☐ SSN 社安号/ EIN 税号 \_\_\_\_\_

☐ Bank for tax payment, refund, preparation fee (交税, 退税, 报税费用银行信息) Bank Name: \_\_\_\_\_ Rt \_\_\_\_\_ Acct \_\_\_\_\_

1. ☐ Authorize ACH payment for retainer and preparation fee 授权 ACH 支付聘用费和准备费

☐ Compliance/Operations

1. Signed Engagement Letter 签署合约
2. Annual Report (All States) 年度报告 (所有州)
3. Payroll Reports: ☐ W2/W3 ☐ 941 ☐ 940 ☐ States 州 ☐ 1099/1096 薪资报告
4. State Sales Tax Report 州销售税报告
5. State Certificate of Incorporation/Formation/Foreign registration/Authority 各州公司注册/组建/外国注册/授权证书
6. Operation Agreement/Legal Documents 经营协议/法律文件

☐ Bookkeeping engagement 记账合约

1. Bank Statements 银行对账单
2. Credit Card Statements 信用卡账单
3. Investment Account Statements 投资账户报表

☐ Tax engagement 报税合约 (If we do the bookkeeping, you don't need to provide the following 如果我们做记账, 您不需要提供以下信息)

1. Profit and Loss Statement 损益表
2. Balance Sheet 资产负债表
3. General Ledger 明细总账

☐ Oversea/Foreign 美国境外信息

- ☐ Account 国外银行和保险户头 \_\_\_\_\_ 个。请提供账号, 金融机构名字, 地址, 年内最高值, 年终额 (\*\*Details in FBAR form)
- ☐ Foreign Subsidiaries/Affiliates 境外子/关联公司 \_\_\_\_\_ 家。请提供各家公司资产表和盈利表
- ☐ Foreign Owner/Investor 外国投资人/公司 \_\_\_\_\_ 家。请提供各家公司关系

☐ Tax paid 已交税

- ☐ Estimated Tax Payments (自己付税款) IRS/State(s): 4/15 前 \_\_\_\_\_ 6/15 前 \_\_\_\_\_ 9/15 前 \_\_\_\_\_ 12/15 前 \_\_\_\_\_ Extension \_\_\_\_\_
- ☐ IRS/State letters received during the year 国税和州税局的来信

☐ Other Income, Deduction or Note to CINDIE 其他收入费用和让我们注意的事项 \_\_\_\_\_

☐ Prior 2-year tax 之前 2 年的纳税申报表去年税表(若新客户, 请提供) \_\_\_\_\_



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## Individual Tax Engagement 年报税签收认证清单

\*\*Please upload copies of tax forms received and supporting documents 请根据需要上传政府表格和详细信息的副本

<https://www.dropbox.com/request/7ufiRCpBRR7RjBkZ7eR> CINDIE Tax document upload site 文件上传链接, 密码是变化的

<https://www.youtube.com/channel/UCHbK0Aemo8KDbvMvJFd3cDA> YouTube channel

- ☐ Client Name 客户名字: \_\_\_\_\_ ☐ DOB 生日 \_\_\_\_\_ ☐ SSN 社安号 \_\_\_\_\_
- ☐ Family Members 家属名字: \_\_\_\_\_ ☐ DOB 生日 \_\_\_\_\_ ☐ SSN 社安号 \_\_\_\_\_
- ☐ Family Members 家属名字: \_\_\_\_\_ ☐ DOB 生日 \_\_\_\_\_ ☐ SSN 社安号 \_\_\_\_\_
- ☐ Family Members 家属名字: \_\_\_\_\_ ☐ DOB 生日 \_\_\_\_\_ ☐ SSN 社安号 \_\_\_\_\_

☐ Address 地址 \_\_\_\_\_ ☐ Married 已婚 ☐ Single 单身 Tele 电话: \_\_\_\_\_ Email: \_\_\_\_\_

☐ Income and forms 各种收入和报表

1. ☐ W-2 form 工资及各种收入
2. ☐ Foreign Income and tax paid in foreign country 工资及各种境外收入和税款
3. ☐ 1099NEC 合同工收入公司收入和支出 (\*\* Detailed Excel table) \_\_\_\_\_
4. ☐ 1099Misc Rental 房产租赁收入和支出 (\*\* Detailed Excel table) \_\_\_\_\_ ☐ 1099 S if sold 房屋买卖
5. ☐ K-1-F1065 合作伙伴公司收入 \_\_\_\_\_ 1120S S-公司收入 \_\_\_\_\_
6. ☐ 1099Int 利息 & 1099 Div 股息 \_\_\_\_\_ (We need list of banks if there is more than 3 statements)
7. ☐ 1099B Stock trading reports 股票交易利得和损失报告
8. ☐ 1099K for payment received, 1099SA for HSA, other incomes \_\_\_\_\_
9. ☐ 1042 and 8805/8804 for non-resident incomes and withholding \_\_\_\_\_

☐ Deductions 各种扣税项目

1. ☐ Health 医疗: 1095ABC 医疗保险报告 \_\_\_\_\_ ☐ Medical 医疗 \_\_\_\_\_
2. ☐ Primary Real Estate Property Tax 自住房地产税 \_\_\_\_\_ ☐ Primary Residence 1098 自住房屋贷款利息金额 \_\_\_\_\_
3. ☐ Donation 捐款 \_\_\_\_\_
4. ☐ Childcare Company info 托儿费用和托儿所信息 \_\_\_\_\_
5. ☐ Tuition (1098-T) 学费 \_\_\_\_\_
6. ☐ Car information (Mileage, purchase info) 车的里程数和新车 (电动车) 购买信息 \_\_\_\_\_

☐ Oversea/Foreign 美国境外/或非税务居民证明

- ☐ Account 国外银行和保险户头 \_\_\_\_\_ 个。请提供账号, 金融机构名字, 地址, 年内最高值, 年终额 (\*\*Details in FBAR form)
- ☐ Foreign Company Ownership 境外公司股权超过 10% \_\_\_\_\_ 家。请提供各家公司资产表和盈利表 \_\_\_\_\_ Controlled account 国外银行 \_\_\_\_\_
- ☐ Foreigner US staying days in 3 years 美国境内停留天数: \_\_\_\_\_ 1/6 前年 \_\_\_\_\_ 1/3 去年 \_\_\_\_\_ 今年 \_\_\_\_\_

☐ Tax paid 已交税

- ☐ Estimated Tax Payments (自己付税款) IRS/State(s): 4/15 前 \_\_\_\_\_ 6/15 前 \_\_\_\_\_ 9/15 前 \_\_\_\_\_ 1/15 前 \_\_\_\_\_ Extension \_\_\_\_\_
- ☐ Copies of W2/8805&8804/1099S/1042 etc withholdings by 3rd Party 第三者的各种扣税和记录 \_\_\_\_\_
- ☐ IRS/State letters received during the year 国税和州税局的来信

☐ Bank for tax payment, refund, preparation fee (交税, 退税, 报税费用银行信息) Bank Name: \_\_\_\_\_ Rt \_\_\_\_\_ Acct \_\_\_\_\_

1. ☐ Authorize ACH payment for retainer and preparation fee 授权 ACH 支付聘用费和准备费

☐ Other Income, Deduction or Note to CINDIE 其他收入费用和让我们注意的事项 \_\_\_\_\_

☐ Prior Year Tax Return with Birth Date (若新客户, 请提供) 去年税表 \_\_\_\_\_

☐ A copy of a Driver License for taxpayer ☐ Acknowledgement of appendix A and B



# CINDIE Knowledge Sharing

IRS 2024 Updates: <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2024>

Actively retain tax information throughout the year including: numbers, dates, events etc,  
记录税务事实以保留 数字、日期、事件等

Within the link <https://cindiellc.com/blog/>  
please find information on:

1. More details on year-end tax planning
2. Special subjects:
  - Back-door Roth
  - S-corp/Partnership PTE – Passthrough Entity Tax
  - Other tax matters

## CINDIE Blogs

Taxes

### IRS Audit Red Flags 国税局审计警示

CINDIE CPA Firm Email: [cpa@cindiellc.com](mailto:cpa@cindiellc.com) Phone: (732) 896-0272 Address: 200 Centennial Avenue, Suite 106, Piscataway, NJ 08854 Personal: Business: 个人税务: 商业相关税:

 Cindie LLC CPAs | Accountants & Advisors

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### Year-End Tax Planning Ideas 个人年终税务规划

CINDIE CPA Firm CONTACT US 联系信息: Address: 200 Centennial Avenue, Suite 106, Piscataway, NJ 08854 Phone: (732) 896-0272 Email: [cpa@cindiellc.com](mailto:cpa@cindiellc.com) CINDIE suggests some of these tax-saving moves if completed by December 31 to consider: 信译注册会计师事务所建议以下考虑:

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### Business Year-End Tax Planning 公司年终税务规划

CINDIE CPA Firm CONTACT US 联系信息: Address: 200 Centennial Avenue, Suite 106, Piscataway, NJ 08854 Phone: (732) 896-0272 Email: [cpa@cindiellc.com](mailto:cpa@cindiellc.com) CINDIE has some ideas to lower your business taxes, get organized, and to prepare for filing your tax return. As the year winds down, here are some ideas to consider in order to help manage ... Continue reading

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# IRS/Gov Audit Status, Strategy and Case-Study

国税局审计现状和案例分析





# Audit Status

The 2022 Inflation Act gave the IRS \$80 billion in funding broken out to:

- Enforcement: \$45.6 billion
  - Operations support: \$25.3 billion
  - Business system modernization: \$4.8 billion
  - Taxpayer services: \$3.2 billion
- 
- Statistically speaking, tax-filers reporting no income or incomes over \$1 million have the highest audit rates. Those earning between zero and \$1 million historically have an extremely low audit rate.
  - For more information, please check out IRS IRA Strategic Operation Plan FY2023-2031

<https://www.irs.gov/pub/irs-pdf/p3744.pdf>

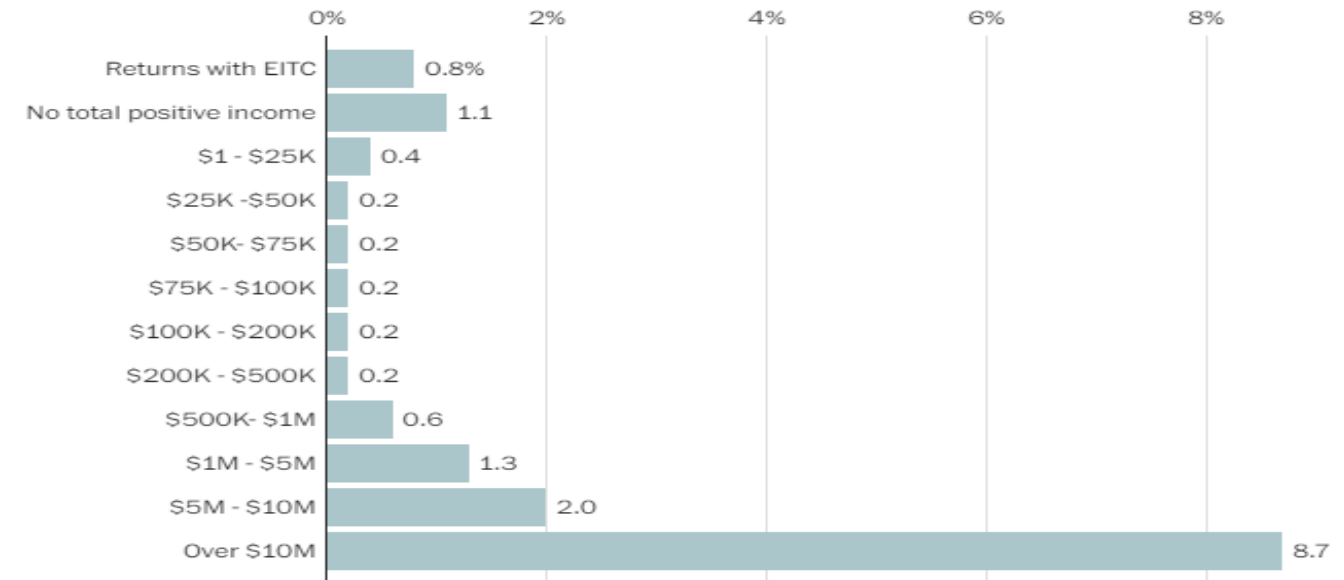
# Audit Statistics 国税局审计现状和案例分析

- In FY 2023, the IRS closed 582,944 tax return audits, resulting in \$31.9 billion in recommended additional tax. For all returns filed for tax years 2013 through 2021, the IRS examined 0.44% of individual returns filed and 0.74% of corporation returns filed, through the end of FY 2023. Average rate is 0.2% with higher rate for \$500K+ at 0.4-0.7% and \$10M+ at 2.4%

- Stats pulled from 2019 returns before Pand

- 1.3% of taxpayers earning between \$1 million to \$5 million were audited
- Audits for taxpayers earning more than \$10 million, reached close to 9%.
- Only 0.2% of taxpayers earning \$25,000 to \$50,000 were audited
- Taxpayers within an income of \$200,000 to \$500,000, had similar audit rates

Audit rate for tax year 2019 by total positive income



Audit rate as of May 2022

Source: IRS

THE WASHINGTON POST



# Audit Proof Strategy

## Get prepared

To reduce your risk of getting audited and/or receiving interest and penalty, follow a few simple rules:

- Always report all income, including side gig wages and capital gains from brokerage account investments.
- Always make estimated tax payments throughout the year (payment periods: 4/15, 6/15, 9/15, 12/15 and 1/15).
- Only claim reasonable, legitimate deductions.
- Try to claim deductions that make sense for your income level (if you report \$30,000 in tax deductions against a \$45,000 income, that might look suspicious).

*Ultimately, the best way to avoid an audit is to be honest. If you do that, you might manage to stay off of that IRS list, even if you're a higher earner.*

## Good record keeping

*This is like the insurance premium for dealing with audit/examination and peace of mind*

- Use accounting software: QuickBooks, online free software etc.
- Quarterly review of income and taxes
- Make tax payments on time

## Some Recommendations

- Business: retain complete and accurate information for all the bank records, credit cards, investments, cash with receipts, and other documents (utilize software such as QuickBooks or Excel)
- Individuals: keep a list of bank accounts and investment accounts to track year-end tax reporting
- Real Estate Rental: retain complete and accurate information for all the bank records, credit cards, investments, cash with receipts, and other documents (utilize software such as QuickBooks or Excel)

## Negotiation with Good Faith

- Yes, it's negotiable with relevant laws and facts.



# Audit Response and Mindsets

## Examination/Audit Letter Response

- Respond to the IRS by the due date on the letter. This could include sending additional documentation or an explanation to support your position. If you need more time to submit your response, call the number on the letter before the due date to ask for additional time.

### From Forms

Form 4549: Report of Income Tax Examination Change.

Form 886A: to provide an explanation as to why your documentation was not accepted. Form 886A may include the facts, tax law, your position, the IRS' argument and a conclusion with the proposed adjustment.

## Trust the System

- IRS: *"If your return is selected for examination, it does not suggest that you made an error or are dishonest. Returns are chosen by computerized screening, by random sample, or by an income document matching program."*
- In general, you can get your message across with reason, logic and facts to the federal and state government. There are also systems for you to get your case heard if you have enough time, energy and determination.



# Potential Audit Triggers

1. **Taking Large Deductions** - Returns with extremely large deductions in relation to income are more likely to be audited. For example, if your tax return shows that you earn \$25,000, you are more likely to be audited if you claim \$20,000 in deductions than if you claim \$2,000.
2. **Claiming Certain Kinds of Deductions** - Certain types of deductions have long been thought to be hot buttons for the IRS, especially auto, travel, and meal expenses. Casualty losses and bad debt deductions might also increase your audit chances.
3. **Claiming a Business Loss** - Businesses that show losses are more likely to be audited, especially if the losses are recurring. The IRS might suspect that you must be making more money than you're reporting—otherwise, why would you stay in business? Most likely to be audited are taxpayers reporting small business losses.
4. **Claiming Deductions That Don't Make Sense** - Deductions that seem odd or out of character could increase your audit chances, like a plumber who deducts the cost of foreign travel might raise a few eyebrows at the IRS.
5. **Not Reporting All of Your Income** - The IRS also goes to great lengths to ensure you report all of your income. Its computers match the information on W-2s and 1099-NEC forms with the income amount reported on tax returns using Social Security and other identifying numbers. If the IRS finds discrepancies, it will probably start asking questions.
6. **Having Evidence of Intent to Mislead or Being Sloppy With Your Return**  
Filing a tax return with missing schedules or not providing all the information asked for on the forms can increase your chances of being audited. Similarly, a sloppy return, especially with math mistakes, increases your chances of an audit. Also, using round numbers—for example, \$6,000 for business advertising costs or \$4,000 for transportation expenses—indicates that you're estimating, not using records to report amounts.
7. **Being a Higher Earner** - If you make over \$500,000 per year, your audit likelihood is greater than the likelihood for the general population. As shown in the chart above, 0.7% of filers who earned between \$500,000 and \$1,000,000 were audited. So, Can I Get Away With Cheating on My Taxes? Even if you earn far less than \$500,000, don't think that you can easily get away with cheating on your taxes. (See "Are Increased IRS Audits Coming?" below.)
8. **Having Self-Employment Income** - The IRS tends to be suspicious of people in business for themselves. Depending on their income, sole proprietors are up to five times more likely to be audited than wage earners.
9. **Having Foreign Accounts** - Keeping money or other assets in foreign banks or other financial accounts increases audit chances.
10. **Owning Digital Assets** - Having digital assets, including cryptocurrency, such as Bitcoin, might increase your chances of an audit. IRS Form 1040 asks whether you received, sold, exchanged, or otherwise disposed of a digital asset during the year. If you say "yes," your answer increases your audit chances.
11. **Claiming Too Many Charitable Deductions** - Claiming \$20,000 in charitable deductions on your \$50,000 salary will probably make the IRS suspicious. And if you don't have documentation to back up your charitable deductions, don't deduct them.





# Fed and State Cases: #1

## Case Background

2020 Tax return is audited and audit denied the refund request of \$42,900

Client dealt with IRS and \$40,000 was denial

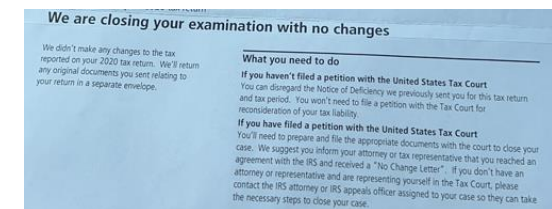
## What CINDIE did

Starting June 2023

1. Obtain 2848 POA
2. Submitted letter to IRS with additional facts, payment receipts and original filing supporting document

## Case Resolution

Adjustment(s) to Prepayment Credit(s) Subject to Deficiency (Form 4549 series Line 13a or Form 5278 Line 20a):		2020
Recovery rebate credit	(2,900.00)	
Claim of right credit	(40,000.00)	
Total Adjustment Amount:		(42,900.00)
Adjustment(s) to Prepayment Credit(s) Not Subject to Deficiency (Form 4549 series Line 15 or Form 5278 Line 22):		2020
Frozen refunds	42,900.00	



# Fed and State Cases: #2

## Case Background

Received letter about tax adjustments increase \$14,600

## What CINDIE helped

Review filed return and IRS letter contents /Determine facts and missing information/Conduct independent calculation of tax liability/Draft letter for client to IRS explaining what's wrong

## Case Resolution

We are proposing changes to your 2020 Form 1040 tax return. This is not a bill.  
**Proposed amount due: \$14,600**

We received information from third parties such as employers or financial institutions that doesn't match the information you reported on your tax return. This notice:

- Proposes a change to tax and/or payments and credits (such as federal income tax withheld, earned income credit, etc.) that you originally reported.
- Provides you with an opportunity to agree or disagree with the proposed changes. If our information is correct, you will owe \$14,600 (including interest), which you need to pay by November 2, 2022.

### Summary of proposed changes

Tax you owe	\$11,535
Payments	\$0
Negligence penalty	\$2,307
Interest	\$758
<b>Proposed amount due by November 2, 2022</b>	<b>\$14,600</b>

Reminder: This is not a bill. We haven't charged the proposed amount due.



We're proposing changes to your 2020 Form 1040 tax return. This is not a bill.

**Proposed Amount due: \$539**

Thank you for your response to our previous notice. Based on your response, we've determined you owe \$539 (including interest), which you will need to pay by December 21, 2022.

### Summary of proposed changes

Tax you owe	\$426
Payments	\$0
Negligence penalty	\$85
Interest	\$28
<b>Proposed amount due by December 21, 2022</b>	<b>\$539</b>

Reminder: This is not a bill. We haven't charged the proposed amount due.



# Fed and State Cases: #3

## Case Background

Received bill \$143,242.61 from Delaware

## What CINDIE helped

Collect all past filing information /Research and determine why client does not owe tax/Work with Delaware to understand how determination was made/ Bridge the gap: filing past-due tax return, provide affidavits as needed etc..

## Case Resolution

TAX	PENALTY	INTEREST	FILING FEE	CHECK CHARGE	PREV. BAL. OR CR.	TOTAL BAL. DUE
51,099.00	0.00	1,021.98	0.00	0.00	91,121.63	143,242.61
AMT. DUE IF RECD. BY Sep 1, 2023	AMT. DUE IF RECD. BY Oct 1, 2023	AMT. DUE IF RECD. BY Nov 1, 2023	AMT. DUE IF RECD. BY			
145,024.33	147,061.54	149,098.75				

Due on or before Sep 1, 2023

MAKE CHECK PAYABLE TO:  
DELAWARE SECRETARY OF STATE

CHECK NO.	AMOUNT ENCLOSED

PLEASE REMIT INVOICE WITH PAYMENT

008838  
REGISTERED AGENT 9659521  
NORTHWEST REGISTERED AGENT SERVICE, INC.  
8 THE GREEN, STE B  
DOVER, DE 19901



"You are receiving that notice because at the time the notices were sent, you did not have the affidavit in our office. You will not receive a notice saying the taxes were paid. **The entity is current, nothing is due.**"

1 090123 7309120 014324261 0 3

# Fed and State Cases: #4

## Case Background

Received penalty \$8,082.43

## What CINDIE helped

IRS charges penalty for not paying enough quarterly estimated tax payments and inadequate withholding.

## Case Resolution

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Failure-to-pay proper estimated tax						
From date	To date	Days	Rate	Factor	Principal	Penalty
06/15/2022	06/30/2022	15	4.0%	0.00010959	\$106,586.64	\$175.21
06/30/2022	07/06/2022	6	5.0%	0.00013699	106,586.64	87.61
07/06/2022	09/15/2022	71	5.0%	0.00013699	30,586.64	297.49
09/15/2022	09/30/2022	15	5.0%	0.00013699	155,379.96	319.27
09/30/2022	12/31/2022	92	6.0%	0.00016438	155,379.96	2,349.86
12/31/2022	01/15/2023	15	7.0%	0.00019178	155,379.96	446.98
01/15/2023	04/07/2023	82	7.0%	0.00019178	280,173.28	4,406.01
<b>Total failure to pay proper estimated tax</b>						<b>\$8,082.43</b>



**No change**

# Fed and State Cases: #5

## Case Background

IRS charge interests on balance due after 4/15/2023 and it's compounding on interests as shown below \$973.19.

## What CINDIE helped

Review tax returns filed and payment history/ Analyze dates and interest rates

## Case Resolution

Period	Days	Interest rate	Interest factor	Amount due	Interest charge
04/15/2023 – 06/30/2023	76	7.0%	0.014680663	\$29,120.00	\$427.50
06/30/2023 – 09/30/2023	92	7.0%	0.017798686	\$29,547.50	\$525.91
09/30/2023 – 10/03/2023	3	8.0%	0.000657678	\$30,073.41	\$19.78
10/03/2023 – 10/30/2023	27	8.0%	0.005934701	\$973.19	\$5.78
Total Interest					\$978.97



**No change**





# Fed and State Cases: #6

## Case Background

NJ State notice and ask to pay \$3410.99

## What CINDIE helped

Get M-5008-R POA. It seems that NJ created 2 personal income tax accounts for my client - one for resident and one for non-resident. Originally, we filed xxxx as Resident and then made correction/amended return to correct her residence to NR because she's been living overseas for many years including in 2021. She continues to live in xxxx now. NJ is sending 1040 balance over to collection while my client has paid in full of all the liabilities required for the 1040NR side. To help resolve: 1) remove the resident account and resident balance, 2) move all the payments and balances into the Non-resident side. Please feel free to call me or my client for any question. Thank you so much for the help!

## Case Resolution

TAX		2,693.02
Less: Credits from Tax		0.00
Balance of Tax		2,693.02
Use Tax		0.00
Shared Responsibility Payment		0.00
TOTAL TAX		2,693.02
NJ Income Tax Withholding	0.00	
Other Payments/Credits	279.42	
TOTAL PAYMENTS AND CREDITS		279.42
Balance of Tax		2,413.60
AMOUNT OF UNDERPAYMENT		2,413.60
Late Filing Penalty		403.95
Late Payment Penalty		134.65
Interest to 09/15/23		369.02
Installment Interest		89.77
TOTAL AMOUNT DUE		3,410.99



Amount of Overpayment	249.75	
Less: Late Filing Penalty	49.95	
Late Payment Penalty	42.40	
Interest to 10-15-23	33.30	
Installment Interest		175.40
TOTAL		290.14
TOTAL REFUND		290.14



# Subject #1: IRA 2022 Credits

## **Credits and deductions under the Inflation Reduction Act of 2022**

- Business

<https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022>

- Individual

- Clean vehicle credits

- \$7500 New Clean Vehicle Tax Credit (IRC 30D)- Qualified Vehicles – Income below \$300K
    - \$4000 Previously Owned Vehicles (IRC 30D )- Qualified Vehicles – Income below \$150K

- Home energy credits

- Energy Efficient Home Improvement Credit
    - Residential Efficient Home Improvement



## Subject #2 Gift, Advertising Expenses

### **Advertising and marketing costs must be ordinary and necessary to be tax deductible, for example:**

- Reasonable advertising expenses that are directly related to the business activities.
- An expense for the cost of institutional or goodwill advertising to keep the business name before the public if it relates to a reasonable expectation to gain business in the future. For example, the cost of advertising that encourages people to contribute to the Red Cross or to participate in similar causes is usually deductible.
- The cost of providing meals, entertainment, or recreational facilities to the public as a means of advertising or promoting goodwill in the community.



## Subject #3 Some state-specific deductions

- Alabama, Arkansas, California, Hawaii, Minnesota, New York and Pennsylvania all provide a deduction for unreimbursed employee business expenses on their respective state income tax returns
- 529 contributions may reduce your state taxable income to varying degrees in each state. Over 30 states allow tax deductions for 529 contributions for either in-state only or out-of-state as well.

For example, the New Jersey College Affordability Act allows for a state tax deduction for contributions into a Franklin Templeton 529 College Savings Plan of up to \$10,000 per year, for those with gross income of \$200,000 or less, beginning with contributions made in tax year 2022. The maximum deduction is \$10,000.