



## Client Update: Getting Ready to File 2022 Income Tax Returns

With a little preparation, taxpayers can approach the upcoming tax filing season with confidence. Here are some things taxpayers can do to prepare for the 2023 tax filing season.

Gather tax records. First, taxpayers should gather all their tax records. Taxpayers who have all their tax documentation gathered and organized, are in the best position to file an accurate return and avoid processing or refund delays or receiving IRS letters.

*Note.* Tax records include copies of filed tax returns for at least the last three tax years and all supporting documents for those returns. These old returns will help the taxpayer to prepare their 2022 return.

Second, taxpayers should consider financial transactions that occurred in 2022 to determine if they are taxable and how they should be reported. Taxpayers should have an electronic or paper recordkeeping system to store tax-related information in one place for easy access.

*Note.* Taxpayers should remember most income is taxable. This includes unemployment income, refund interest, and income from the gig economy and/or digital assets. Taxpayers should report all the income they've earned, including from tips, part-time work, side jobs, or the sale of goods and services or digital assets, unless its specifically tax-exempt.

Before year's end. Taxpayers should confirm their employer, bank, and other payors have the taxpayer's current mailing address and email address. This will ensure that they receive their year-end tax statements.

Typically, year-end tax forms start arriving by mail or are available online in mid-to-late January. Taxpayers should carefully review each income statement for accuracy and contact the issuer to correct information that needs to be updated.

*Reminder.* Taxpayers who are paid for goods or services through a third-party payment network (i.e., Paypal, Venmo or Zelle) will now receive a reporting form (Form 1099-K, Payment Card and Third-party Network Transactions) once the amount of their business transactions exceeds \$600.

Remember, money received through third-party payment networks from friends and relatives as personal gifts or reimbursements for personal expenses is generally not taxable. Those who receive a 1099-K reflecting income they didn't earn should call the issuer.

*Note.* The IRS can't change the amounts listed on a reporting form such as Form W-2 or Form 1099-NEC. If the taxpayer finds incorrect information on a reporting form, they must contact the issuer to get the form corrected. Taxpayers who receive a Form 1099-K for money received from friends or family as a gift or reimbursement for personal expenses should contact the issuer to get a corrected Form 1099-K.

**Withholding and estimated payments.** Taxpayers who had life changes in 2022, like getting married, divorced, welcoming a child, or taking on a second job, should take advantage of the IRS' Tax Withholding Estimator on IRS.gov before the end of the year. This tool is designed to help taxpayers determine the right amount of tax to have withheld from their paycheck. A taxpayer with insufficient withholding should consider making an estimated payment to avoid penalties.

Taxpayers who need to make estimated tax payments on non-wage income from unemployment, self-employment, or who have annuity income or digital asset income should calculate their estimated payment soon. The last quarterly payment for 2022 is due on January 17, 2023.

**Renew ITINs.** Taxpayers who have individual tax identification numbers (ITINs) should be sure that their number hasn't expired before filing their 2022 return. Taxpayers who need to renew their ITIN to file a tax return should submit a Form W-7, Application for IRS Individual Taxpayer Identification Number, now. Applying now will allow the taxpayer to avoid the Spring rush to get an ITIN as well as refund and return processing delays.