

Dear Valued Client,

PORTAL SYSTEM:

For better security better access to your completed tax returns, I am using a portal system this year.

I will be sending out an Organizer to each individual this year by this system. It contains a nice checklist you should fill out or look over to make sure we don't miss anything. If you want to fill out the organizer that would be great, if not use it as a tool to organize your data! You will get an email from me asking you to sign in to your portal. It will have your user name and if you forgot your password, you can set a new one up. Be sure and save the link and your password as I will be sending out your tax returns the same way.

The portal system also has the ability to sign the efile sheets electronically. This will be sent in a separate email. You can still print out and sign and return the signature forms the same as past years, but might want to take advantage of this easy new way.

Please scan your tax data. This will keep me from having to be responsible for your original documents. **I am required** to obtain all of your W-2's, 1099's from retirement, interest, dividends and brokers, Forms 1095 for health insurance, bank Forms 1098 and any other official IRS documents. I would appreciate it if you could upload onto the portal you were sent above. You can also drop off, email or mail them to me or use our secure dropbox out in front of the office entrance.

2022 Changes:

Just to emphasize the IRS is looking very hard at Crypto Currency (Bitcoin) and Foreign Accounts. If you have any of these I need to know so we can deal with it. I have attached a separate letter on this matter. If you have been trading in Bitcoin I need to know.

For 2023 there will be enhanced home and electric credits.

There was a rule to send out reporting forms (1099K) for venom, pay Pal etc. if you did more than \$600. This has been delayed till next year, just be advised you will get a form next year we will have to deal with.

A special request to my clients:

I have been so lucky and blessed to be able to work 46 tax seasons, and I plan on doing many more. To enable me to do this, I am requesting your assistance to accomplish this.

I have been adapting to going mostly paper free and working remotely. This was an eye opener for me on how many ways I received data. This also led to a lot of lag time between the first batch of information and the final tax information to finish the return. This caused a disconnect between the initial input and the final product. To alleviate this I would like to ask:

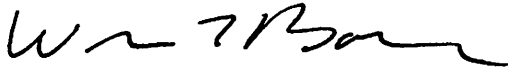
- 1) **Please don't send your data a piece at a time, wait until you have a majority of it ready.**
- 2) **Please respond to requests for information within a short period of time, this helps me to wrap up your return without having to revisit the whole project! I will ask for this on my emails, so don't be offended!**
- 3) **I have had difficulty in contacting clients by phone, a majority of you are screening their calls or not available. If you leave a message to have me return a call, leave a good time and day for me to return so we don't keep missing each other!**
- 4) **This will reduce the pain in getting your taxes done!**

As I enter this tax season I would like to request a favor of you. Due to the fact that a lot of my clients returns have gotten more complicated and the tax laws are growing ever more complex. This has made the pressure to file on April 15 more intense. I will need to get your tax data by 3/15/23 to give me more time to prepare these returns. I am looking to extend more returns and if you would like to volunteer to have an extension please let me know ahead of time and we'll make that happen.

This will be of benefit to both you and myself. If we have more time to think about your situation we can perhaps make better decisions without the pressure of the April 15 deadline. I will make sure a valid extension is filed and appropriate tax deposits suggested.

Looking forward to an exciting and probably surprising tax season!

I am honored to have the opportunity to assist you with your tax and financial matters and will continue to do so for the foreseeable future!



Tom Baker CPA

For More Information look on my website:-
www.wmtombakercpa.com

Dear client,

The last two years have seen explosive growth in US consumer interest in crypto-currency transactions, purchases and use. Sadly, very few consumers understand the income tax and foreign reporting obligations that accompany crypto-currency activities, and the incorrect and misleading information floating around on the internet is frightening to we tax professionals.

Congress and the IRS have both become aggressively involved in monitoring the activities and the failure to correctly report crypto, and on November 15th the President signed even stronger legislation to track the activities. As an example, were you aware that one penalty for failure to report crypto activities can be 50% of the highest balance in the account *each year*?

We must strongly remind you that crypto activity must be reported to us so that we may appropriately report it on your tax return. Additionally, because of the compliance rules, the reporting is extraordinarily complex, and we will need you to consider using a tax basis tracking software to even start trying to prepare your return. Call or email us for a recommendation. To get your attention, the lowest price that the online tax trackers charge to prepare a return with cryptocurrency activities is \$2,500, so be forewarned that this activity on your part will be greeted with a huge fee on our part. Our industry is seeing tax returns requiring as many as 20,000 separate entries on the return, and several hundred entries is not unusual at all for individuals trading crypto or using it to buy stuff. The most basic rule to investing is to understand the investment and its related reporting requirements and we are afraid that few Americans understand either when it comes to cryptocurrency.

Here are the 7 activities that require individual transaction reporting **in addition to just reporting the existence of the account. You read that correctly-each individual transaction must be individually reported. For example if you use a crypto currency to buy a cup of coffee we must report that transaction individually on your return!**

1. **Selling (Converting) crypto to US Dollars**
2. **Trading 1 crypto for another**
3. **Spending crypto directly for goods or services**
4. **Mining crypto from your own computers**
5. **Staking or lending crypto and receiving payment in crypto or dollars**
6. **Receiving Airdrop crypto**
7. **Getting paid in crypto**

Items 1,2 and 3 require that we report each and every transaction separately on your return!! Potentially hundreds or thousands of transactions must be reported if you are spending cryptocurrency, trading (even via a "Bot"), mining, etc.

In summary, this year we are going to remind you in our organizers, interviews and engagement letters that these actions must be disclosed so that we may report them and have you avoid penalties.

Sincerely,