The anticipated Annual Newsletter by Bookkeeping Solutions Inc. is now in your hands! Please read it in its entirety because there are several important and critical tax law changes that affect a significant number of you. I promise to include a peek at the best surprise gift I received this past year with a few pictures at the end. If you must go to the end, go ahead, but come right back to the beginning!

I believe that from the Library of Great Quotes, my two favorites are from Tony Robbins, “**Change is inevitable. Progress is Optional.”** Another from Vince Lombardi, “**Perfection is not attainable, but if we chase perfection, we can catch excellence.**”

I will choose progress and chase perfection in my tax practice so that I may catch and maintain excellence within it.

Some new and exciting changes have materialized for my firm. Most exciting, I have moved to a new, larger office space and signed a five-year lease at **24 Onville Rd, Suite 206, Stafford, VA 22556**. It is very nearby, located just on the opposite side of 610 from where I have been the past two tax seasons.

Please also note that my phone number in your records needs to be updated to **540-269-0094**. My old number (also listed in the past tax returns) will no longer reach my office.

I am really excited about this new larger location as it allows me to more effectively meet the demand for our services by continuing to build my trusted team of in-house Tax Compliance/ Preparation Professionals: myself, Huei Shin, Julie Mills, Shawn Gillis, and QuickBooks specialist Stephanie Campbell. We currently have over 80 years of tax and accounting experience.

The Tax Law Highlight Summary is being sponsored by my long-time friend Dewey Loman, who began the creation of the following song. Please use the 12 Days of Christmas to follow along;

*On the first day of Tax Season, Congress gave me a job that would last all my life.*

*On the second day of tax season, Congress gave me two new forms and a job that would last all my life.*

*On the third day of tax season, Congress gave me three deadlines, two new forms, and a job that would last all my life.*

*On the fourth day of tax season, Congress gave me four tax hikes, three deadlines, two new forms, and a job that will last all my life.*

*On the fifth day of tax season, Congress gave me… five frustrations, four tax hikes, three deadlines, two new forms, and a job that would last all my life.*

There are seven more days to the song, but I will spare you.

I will highlight several important individual tax changes. You will find more posted on my Facebook page or on my website under the Newsletter Tab. There is a subscribe option in the Newsletter tab on the webpage, or follow me on Facebook, Margy Spruill EA, to receive notifications when a new article is posted. Tax news articles are posted at least quarterly, with some earlier as changes occur.

Do you recall the massive move to have everyone report their third-party CC transactions on a **1099K** if those transactions exceeded $600? For 2023, the reporting threshold will remain at $20,000 and 200 transactions. Zelle is a bank-to-bank payment service that transfers ACH from one bank to another. Those transfers are not subject to the 1099-K.

The IRS is now referring to **virtual currency as “digital assets.”** And for those of you with “digital assets,” there will be a new form for you to receive beginning in 2025. Brokers of digital assets will be using Form 1099 DA (get it?... Digital Asset). The good news is that the broker will be required to report the basis of the old digital asset to the new broker. I hope you are as giddy as I am about this development, and I look forward to it on your behalf.

Social Security and Supplemental Security Income (SSI) benefits for more than 71 million Americans will increase 3.2 percent in 2024.

The 3.2 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 66 million Social Security beneficiaries in January 2024. Increased payments to approximately 7.5 million SSI recipients will begin on December 29, 2023. (Note: some people receive both Social Security and SSI benefits)

The maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to $168,600 (up from $160,200 for 2023).  This translates into an additional $520.80 of social security tax withholding for those employees at the maximum earnings level.  The employer would also match that amount for a total of $1,041.60.  Self-employed individuals at the maximum earnings would pay an additional $1,041.60.

**For more information or to schedule an appointment with me to create a Social Security Analysis, please call my new main number (540-269-0094). Appointments for Soc Sec Analysis will take place after tax season.**

I will highlight the areas of change in the Secure 2.0 Act. I will get a summary posted on my webpage.

The SECURE Act 2.0, part of the Consolidated Appropriations Act of 2023, introduces significant changes to retirement planning and savings in the United States. Key highlights of the Act, which builds upon the original SECURE Act of 2019, include:

One to note is the **Changes to Required Minimum Distributions (RMDs)**: The age for beginning RMDs from retirement accounts increases to 73 in 2023 and will further rise to 75 in 2033. Also, the penalty for failing to take an RMD has been reduced to 25% of the RMD amount, down from 50% to 10% if corrected timely for IRAs.

Other changes are towards **Catch-Up Contributions, Roth 401(k) and Employer Matching, Qualified Charitable Distributions (QCDs), Annuity Changes, Automatic Enrollment and Plan Portability**, **Emergency Savings Accounts**, **Student Loan Debt and Retirement Savings, and 529 Plan and Roth IRA Rollovers** (this one is one of my new favorite tax strategies).

Lastly, it is necessary that I bring to your attention that the current tax law we are under is set **to expire** at the end of 2025 if Congress does NOTHING…. **After 2025,** individual tax provisions enacted under the Tax Cuts and Jobs Act (TCJA) automatically expire. Key items include the **top tax rate for individual taxpayers reverting to 39.6% (applying at approximately $553,600),** ending the 20% §199A qualified business income deduction, removing the $10,000 cap on the state and local tax deduction, and **reinstating the personal and dependent exemption deductions**, plus the income phase-outs. **The standard deduction** will be cut almost in half and **the child tax credit will be reduced**. Additionally, the alternative minimum tax (AMT) exemptions and phase-outs will revert to pre-TCJA levels. Coupled with the SALT cap removal, this will likely place more taxpayers into AMT beginning in 2026.

That is certainly sobering…..

**THE OFFICE**

As most of you already know, my team and I are committed to providing outstanding and dedicated service to our clients. We pursue excellence by continually improving and implementing the best processes, systems and tax strategies, while focusing on strategizing what is best for you and your individual situation.

I am also committed to making this engagement an excellent investment for you……My business mission is for individual taxpayers to have confidence that their tax return has all the allowable deductions and any strategies that can be applied.

Just this past year, I have invested more than 120 hours of educational time to explore the latest and most effective tax strategies from the best and most studied tax advisors in the country.

I am now also a **Registered Social Security Analyst!** By analyzing your current retirement strategies involving Social Security, I now know how to best advise you regarding the different filing date options and how to achieve maximum earnings for each individual and your survivor (if married).

**New Services Available Include-**

\*\*Pre-planned consultations for personalized tax planning and strategies so you can invest in your tax financial health and have set up end-of-year and new-year planning appointments. Previously, we had short discussions at tax return time with time constraints, which typically amounted to payroll withholding discussions.

I will continue to use Tax Dome for document exchange: <https://taxladymargy.taxdome.com>

If distance or your schedule prevents an in-person visit, we can meet via Google Meet, Zoom, or MS Teams. You can reach the office to schedule your appointment at my new number, **540-269-0094 or go to the website and use the appointment app that will soon be added.**

\*\*Last year, I guided responses to 117 IRS letters. Of those, 65 required further engagement for me to respond to the IRS. Your tax preparation investment includes IRS Audit Protection and Identity Theft Recovery. I have contracted **Protection Plus** to handle all IRS notice requests requiring responses. **Protection Plus** will also help with identity theft issues related to your tax return **and** those **unrelated** to your tax return. This offers great reassurance for taxpayers concerned about not knowing the next step should an IRS letter come or if their identity is compromised. Please visit my website for a description of the $1,000,000 Audit Protection you will receive. A copy will also be provided with your tax return. Every return completed by my office will be automatically enrolled.

**New/ Updated Policies and Fees and Important Dates**

 \*\*\*In addition to tax preparation (compliance) services for individuals and businesses, I will be offering separate engagements and fees for the following;

* Strategic Tax Planning for individuals and businesses
* Entity Selection for Businesses,
* Reasonable Compensation Analysis for Sub S Shareholders,
* Accounting and Guided Payroll Support Services for small businesses
* **Social Security Filing Strategic Planning** (I have been looking forward to offering this.)

Our business is growing, and the services we offer are expanding, and our policies (including billing policies) continue to evolve. I would like to minimize the chance of any future surprises by providing an overview of some of these changes. As the world evolves, and after too many years with no price increases, which I take 100% responsibility for, I have been given no choice but to adjust/increase my fees accordingly. I thank you for understanding this and for appreciating the true value that I do my utmost best to provide to you. In the past, the fee fluctuation was only derived from the additional forms Congress mandated. After examining software, supplies, equipment costs, rent, infrastructure, insurance, and cyber security, I have found it necessary to make a material increase in my rates.

* **Basic 1040 returns will increase by $95.00**
* **The more complex returns will see a $200 - $450 increase based on complexity.**

Fees for more difficult returns are higher, and all invoices must be paid in advance of any

of the work. If a supplemental invoice is required due to the complexity of the return, that invoice must be

paid before the work is started.

\*\*\*To ensure the highest service level, I will be sending engagement letters and invoices with prepayment to secure your place this tax season. Many professionals are leaving the practice, and the number of folks seeking professional help has increased. I want to prioritize you and secure your place with me, but I need your commitment to choosing my services with a signed engagement letter and paying my invoice in full.

To ensure the highest level of service, all **Personal Income Tax Return** docs are due by the following dates to avoid extension:

* **March 15th, 2024**. Any docs received between **March 16th, 2024 - April 3rd, 2024** will incur an **automatic extension with a 125.00 fee.**
* Any docs received after **April 4th, 2024,** will incur an **additional $200 extension fee** + **$125 late fee** for **filing an extension** and **will not be filed until after the April 16th, 2024, tax deadline**.
* For those of you who want your returns done first and want to get to the front of the line, I’m offering a VIP Pass similar to CLEAR or TSA pre-check at the airport or Disney’s Fast Lane Pass. That **VIP / RUSH fee is $275** to be to be moved to the front of the line. There will be a limited number of VIP Passes available.

**\*\*\*Document Deadlines Personal Income Tax Returns on Extension:**

**September 15th -** All documents must be received and uploaded to the online portal by September 15th to ensure the opportunity to file by the October 16th Deadline

**October 2nd - October 9th** - Ifdocuments are provided and uploaded to the portal during this time frame, there will be a **$225 RUSH FEE** added if you wish to have your tax return finalized by the October 16th deadline

**October 10th** - If documents are received after this date, there will be a **$550 LATE FEE +**  **$225 RUSH FEE ($775 combined) added** if you wish to have your tax return finalized by the October 16th deadline; however, we cannot guarantee we can complete your returns in time to meet the IRS deadline to be complete and accurate. You could incur late fees and penalties from the IRS during the time we need to do a complete and accurate tax return.  This is our new policy.  If we reach this point, we are then in the emergency room, not the doctor’s office.  Every minute is critical and will cost much more than before. We will try our best to complete the work by October 16th, but we can not guarantee your surgery will not take longer.

**ON THE LIGHTER and JOYOUS SIDE OF LIFE…. MY FAMILY**

Christian and Logan were born in 2023. These two moments in time stopped the clock and allowed us to rejoice in wonderment at the gift we had received.

The year flew by with many activities, sniffles for the children, and family reunions. My second oldest grandson participated in a National Home School Soccer League Championship in Tennessee. I was able to go, watch his team win the division championship, see him get picked for the All-Star Team, and see him break a four-year title for most goals scored in a high school career with the team he played for. He scored the 100th goal during the championship to beat the title and then scored some more goals. His sisters are soon to come along in his footsteps.

I enjoyed several regular soccer games for the girls, watched ballet recitals in VA and NC, attempted some rock-climbing lessons taught by my girls in Ohio, and camped at Pohick Bay and at Assateague Island with good friends. My garden was not as abundant as in years past, but there was enough to satisfy the fresh-grown food I absolutely love. I finished a long-term quilt project and personally delivered it to my Sacramento son’s family. It never left my side on the airplane. I cycled in the Fredericksburg area with friends and managed a few days of paddleboarding in between responding to the office's needs. Family is, by God’s grace and mercy, all healthy. If you are wondering…. The two babies put me at 15 grandkids. My quiver is indeed full.

I look forward to tax season with you. I am introducing you to amazing professionals. Hue Shin, Julie Mills, and Stephanie Campbell. I look forward to welcoming Shawn Gillis as a beginner in this field for his tax season debut. With so many leaving the tax practice field, I find training new interested men and women imperative. Shawn excelled in the preparation classes he attended. I am certain he will do great things.

One of our primary goals is to prevent you from experiencing any unneeded anxiety, worry, or exhaustion due to contending with the complexities of tax season.

One of the ways we accomplish this is by providing you with clear, easy-to-follow guidelines that remove the frustration and worry of needing to navigate all these complexities on your own.

As always, grateful for you,

And seeing you satisfied brings me great inner joy and fulfillment.

Margy (Carmen) Spruill

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