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JULY ISSUE

Inside This Issue:

Court Accounting vs. Trust Accounting

As you make plans for the future of your estate, you will come across new terms you are not familiar with. It's important not to get terms confused so you can create a smoother experience for yourself. Two common terms that are often used interchangeably are court accounting and trust accounting.

While they may sound similar, they do not mean the same thing. Take a deep dive into these terms and learn what they mean below.

What is Court Accounting?

A court accounting is an accounting of income and expenses which includes beginning assets, gains and losses, and beneficiary distributions. It typically occurs when there is no will or if the deceased did not appoint an executor. It includes the activity within a trust, an estate, guardianship, or a conservatorship. A court accounting may also occur if beneficiaries disagree on the distribution of assets.

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What Our Clients Say About Us

"I have been with Marcia since 2001. Her service and professionalism has always been top notch."

–JF

The IRS Annual "Dirty Dozen" List of Scams - Part 1

The Internal Revenue Service has published its annual "Dirty Dozen" list for 2022, which includes potentially abusive arrangements that taxpayers should avoid. This list has been compiled for more than 20 years as a way of alerting taxpayers and the tax professional community about scams and schemes.

Here are a few of the scams identified by the IRS:

Economic Impact Payment and tax refund scams

Identity thieves who try to use Economic Impact Payments (EIPs), also known as stimulus payments, are a continuing threat to individuals. Similar to tax refund scams, taxpayers should watch out for these tell-tale signs of a scam:

Any text messages, random incoming phone calls or e-mails inquiring about bank account information, requesting recipients to click a link or verify data should be considered suspicious and deleted without opening. This includes not just stimulus payments, but tax refunds and other common issues.

Remember, the IRS won't initiate contact by phone, e-mail, text or social media asking for Social Security numbers or other personal or financial information related to Economic Impact Payments. Also be alert to mailbox theft. Routinely check your mail and report suspected mail losses to postal inspectors.

Unemployment fraud leading to inaccurate taxpayer 1099-Gs

Because of the pandemic, many taxpayers lost their

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Court Accounting vs. Trust Accounting …………..………………….. …………………………………………… *Continued From Pg. 1*

The biggest difference between this term and trust accounting is that court accounting is reviewed and approved by the court.

What is Trust Accounting?

Trust accounting is a record of information about the income and expenses of a trust. A trust accounting includes information such as taxes paid, disbursements made to beneficiaries, expenses paid to professional advisors (CPAs, attorneys), and compensation and expense reimbursements paid to trustees. This accounting is specific to trusts, and it typically does not go through probate, which is completed by trustees and approved by the court.

It is important to keep an accurate record as a trust accounting is usually required annually for a trust – as it is in California.

Get Help with Court Accounting and Trust Accounting

Now that you are aware of both terms, you can be confident in planning the future of your affairs. This article is a great resource for your executors or trustees to hang onto not only for definitions, but also for assistance on both of these services. Marcia L. Campbell is a CPA based in Riverside that specializes in court accounting and trust accounting in the state of California.

Source: www.mcampbellcpa.com

Please contact our office for more information.†

"Memories of our lives, of our works and our deeds will continue in others."
~ Rosa Parks

The IRS Annual "Dirty Dozen List of Scams - Part 1 ………..…….. ………………………………………..…... *Continued From Pg.1*

jobs and received unemployment compensation from their state. However, scammers also took advantage of the pandemic by filing fraudulent claims for unemployment compensation using stolen personal information of individuals who had not filed claims. Payments made on these fraudulent claims went to the identity thieves.

Taxpayers should also be on the lookout for a Form 1099-G reporting unemployment compensation they didn't receive. For people in this situation, the IRS urges them to contact their appropriate state agency for a corrected form. If a corrected form cannot be obtained so that a taxpayer can file a timely tax return, taxpayers should complete their return claiming only the unemployment compensation and other income they actually received.

Fake employment offers posted on social media

There have been many reports of fake job postings on social media. The pandemic created many newly unemployed people eager to seek new employment. These fake posts entice their victims to provide their personal financial information. This creates added tax risk for people because this information in turn can be used to file a fraudulent tax return for a fraudulent refund or used in some other criminal endeavor.

Fake charities that steal your money

Bogus charities are always a problem. They tend to be a bigger threat when there is a national crisis like the pandemic.

Taxpayers who give money or goods to a charity may be able to claim a deduction on their federal tax return. Taxpayers must donate to a qualified charity to get a deduction. To check the status of a charity, use the IRS Tax Exempt Organization Search tool.

Individuals should never let any caller pressure them. A legitimate charity will be happy to get a donation at any time, so there's no rush. Ask the fundraiser for the charity's exact name, web address and mailing address, so it can be confirmed later. And remember that it's safest to pay by credit card or check.

Source: https://www.irs.gov/newsroom

Please contact our office for more information.†

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