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**Tips for Filing Tax Returns in 2023**

At the start of the year, people often look toward the future and the new opportunities the new year will bring. Despite this excitement, you cannot put 2022 in the rearview mirror just yet. In no time, it will be tax season and the time to file tax returns. This makes preparing in advance crucial to a stress-free process that yields the most tax advantages. Explore our top tax tips and work with an expert CPA to make filing your taxes a seamless experience.

**Tax Tips: How to Prepare to File Your Tax Returns - Gather and Organize Your Records**

Organization is the key to a seamless process when filing your tax returns. One of the most important tax tips we can offer is to organize your records in advance.

**What Our Clients Say About Us**

“Marcia has a huge heart and cares deeply for her clients. She is patient, sensitive, and understanding when her clients need her the most. She is a highly skilled and experienced accountant, who has provided accountings that have withstood the toughest scrutiny from difficult judges.”

—MJ

Several key documents and pieces of personal information are necessary for this process. Start with collecting information on your family. Gather birth dates; Social Security information; and all financial records you need from dependents.

Moreover, you cannot file your taxes without several financial documents. Ensure you receive the paperwork you need from employers, as well as any other financial accounts under your name. Your W2 is one of the most important documents to obtain.

However, if you are a freelancer, organize your Form 1099 documents and provide them to your CPA. For a starting point, use last year’s tax return for a reference. Documents to start gathering include financial information regarding:

Alimony; Investment income; Rental property income; Social Security benefits; Digital assets; Individual retirement account distributions; and more.

When gathering information, ensure that it is all up-to-date. Remember to account for address changes, name changes, withholding adjustments, and more.

**Itemize Credits and Deductions**

The IRS offers several tax credits and deductions to citizens filing their tax returns. We advise itemizing credits and deductions to make the most of your tax situation.

One of the top tax tips to prepare yourself for filing is to carefully assess your situation and make a list of all deductions and credits you are eligible for. Ultimately, what you qualify for depends on your unique situation.

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For example, if your income qualifies as low to moderate, you may be eligible for an Earned Income Tax Credit, which reduces the amount you owe. Doing this in advance is critical because some may have specific requirements, like forms you have to fill out.

Work with an expert CPA to identify all opportunities to reduce your taxable income, and consider ‘bunching’ deductions if possible. These opportunities can include:

Child and Dependent Care Tax Credit; Student loan interest adjustments; Mortgage points; Moving expenses; Charitable donations; Disaster losses; Business expenses; and home office deductions.

### **Account for Retirement Plans.**

Many resist funding their employer-sponsored 401(k), 403(b), and other tax-deferred retirement accounts.

Taking advantage of retirement plan contributions is essential to setting yourself up for future success when filing your tax returns. Firstly, if you have a traditional IRA, we recommend converting it into a Roth IRA. There are two significant advantages:

- The government does not consider withdrawals as income:
- You do not have to take RMDs from them every year starting at age 72.

We recommend making this conversion on a low-income year because this qualifies as taxable income and raises your tax bill for that year. We also recommend increasing contributions to retirement accounts because the contributions reduce your tax bill.

*“You can’t go back and change the beginning, but you can start where you are and change the ending.”*

*~ C.S. Lewis.*



Lastly, people over 72 years old who have watched their 401(k) or IRA grow tax-free must withdraw it by December 31st. If you do not take the required minimum distribution (RMD) by the 31st, you will receive a 50% penalty from the IRS.

While this is a strategy many can employ for next season, it is never too early to look ahead and prepare to enhance your tax situation.

### **Do You Need Assistance Filing Tax Returns? Let Us Help.**

Filing tax returns can feel like pulling teeth, but preparation in these situations is like an anesthetic that streamlines the process and makes it as painless as possible. To truly make the most of your tax situation, it is critical to work with a tax professional. Ultimately, this is just scratching the surface, and there are countless essential tax tips to ease this process.

Fortunately, at Marcia Campbell CPA, we provide tax preparation services that minimize stress and tax liabilities. Contact us to get started and learn more.

Source: <https://mcampbellcpa.com/tips-filing-tax-returns-2023/>

Please contact our office for more information.†



You can e-mail us at  
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 to receive your newsletter  
 by e-mail!