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Important Updates This Year – Please read in Full!

Hello Friends,

We want to thank you again for selecting Fleming Tax Office as your tax preparer. We appreciate the confidence and trust you place in us and will continue to provide you with timely, complete and accurate service while keeping your tax burden to the lowest legal amount. Please take a few minutes to read and complete this organizer. There are several items that we would like to call your attention to:

Extremely Important: Corporate Transparency Act

In 2021, Congress passed the Corporate Transparency Act aimed at reducing money laundering. It is a small business reporting requirement with potential penalties including *prison* for committing a felony by not reporting. **Let me repeat that: Failing to fill out this form is a potential FELONY with two years of prison time, plus a potential \$500 DAILY penalty.**

The required information includes owners and, for new businesses formed in 2024, the company applicants. To clarify, a separate filing and form is required for every single entity, whether an LLC, an S Corporation, or a C Corporation. Basically, if you file or have filed your entity with the secretary of state, you need to do this form.

These forms are law forms, not tax forms and as such is outside of the scope of what Fleming Tax does but will affect many of you, whom Fleming Tax helps. Please reach out to your attorney to make sure that you do not unintentionally commit fraud. We are dead serious here. If you have an entity, and that entity has filed with the secretary of state, reach out to your attorney ASAP.

Very Important: Employee Retention Tax Credit

Chances are you have heard about the amazing tax credit that the IRS is giving to business owners that retained their employees during the pandemic. That each employee could garner you up \$26,000 in tax credits, then multiply that by the number of employees and boom, you have a HUGE tax credit. Free money they say.

While the tax credit is in fact real, and can be amazing, most business do not qualify...which is a small detail they leave out on the ads. The IRS was required to distribute that money as fast as they could, so prior to their recent pause, if you applied for the Employee Retention Credit you got the money. Here's the catch, the IRS has said that there is going to be nearly a 100% audit rate for those that got this credit.

How do you know if you were eligible? In 2020: your revenue had to be down GREATER than 50% from the quarter in 2020 compared to that same quarter in 2019. For 2021, your revenue only needed to be down 20% for the quarter compared to that same quarter for 2019. If your business was actually down that much quarter over quarter, you may in fact qualify. If you haven't gotten the ERC call your preparer and discuss if your eligible.

If you are not down the required percentage, our extremely strong recommendation is to return that money to the IRS. If you return it prior to audit, the penalties are much less extreme.

As for those companies that are advertising that they will get you that credit, they will charge you a fee based on a percentage of the credit you receive. If you get audited, and found that you don't qualify, you will owe back all of the money from the credit plus penalty and interest.

You will have paid the credit mill for their "services" and only receive the 80-90% remaining credit, but will have to pay back 100% of the credit plus the penalty and interest. Think you will be able to sue the credit mill to get back what they swindled? I can't imagine that they will be around when these audits come around for you to collect on. They will have swindled you and then disappeared. IRS says that 70-80% of ERC claims are either fraudulent or in error.

Have a business and some student loans?

The Cares act has made it possible for an employer (even Schedule C's) to be able to pay student loans for their employees thru 2025. This is not income to the employee, but it *IS* a deduction for the business. So, if you have profit in a business, you could pay off up to \$5,250 of the student loans for you and your staff if applicable. The company will get a deduction, and no one has to report it as income. It's a great trick if you have student loans, ask your preparer if this could be an option for you.

Estate Tax Considerations

The Estate Tax exemption doubled in 2017 with the Tax Cuts and Job's Act which means that less people would be subject to the Estate Tax. However, unlike the corporate tax cuts which were permanent the individual tax cuts are subject to go sunset (go away) after 2025. If you have assets greater than \$6,000,000 or think you might when you pass, then it could be good to gift your heirs within the next two years. The gift is not income to them and not deductible to you. You would need to file a gift tax return, but that is only an informational return. Currently the estate tax exemption is around \$13,000,000. So any gift given would reduce that amount. This would give you the ability to move money to your beneficiaries even while living and take advantage of this temporarily high estate tax exemption.

Crypto – The Wild West of Finance

If you are not into Crypto at all, feel free to skip this section. However, if you ARE into it, very much pay attention. Cryptocurrency had a terrible 2022, but 2023 was a much better year for the industry.

There are several crypto tax platforms that will help you track your crypto dealings that you can pass on to us. Two we have used are coinledger.io and koinly.io. With the extra complexity and exposure, returns that have crypto will be more expensive, we have 3 tiers of Crypto pricing based on how complex and the quality of the information you provide.

Taxable Events that may (or may not) surprise you:

1. "Interest" – This is an airdrop of more crypto
2. Swapping one Crypto for another
3. Mining – Rewards for Processing
4. Staking – Rewards for Securing
5. Gaming Wins – Taxed as business activity
6. Yield Farming- Rewards for Lending Liquidity
7. Sending Crypto to a Friend
8. Buying something with Crypto – Not USDC/USDT
9. Tax Loss Harvesting – There are no Wash rules in crypto

All of these are taxable and reported in different places on the tax return. It's complicated, but we can help you report correctly. It is your responsibility to provide complete and accurate information to the IRS.

Thank You Thank you!

It is an honor that you have selected Fleming Tax Office to prepare your tax return. We appreciate the confidence and trust you place in us and we will continue to give you great service and work to legally lower your tax liability. If you have any questions, please feel free to stop by or call.

Wishing you the very best,

Fleming Tax

INCOME TAX ORGANIZER – 2023

YES NO

- If you purchased insurance through the exchange you should receive a Form 1095 A, B or C, did you bring this form? Y N
- Did any births, adoptions, graduations, marriages, divorces, or deaths occur in your family this year?
- Do you have a mentally or physically disabled child?
- Can you or your spouse be claimed as a dependent by someone else?
- Did you have a change in residence or job location during the year?
- Did you receive any correspondence from IRS or State Tax Commission this year? If so, please bring.
- Do you have foreign assets or foreign income in a foreign bank account or a foreign trust? Answer Yes, if you hold Crypto.
- Do you have a business that is either an LLC, S Corporation, Partnership, or C Corporation?
- Have you sold, sent, acquired, or exchanged any virtual Currency?

INCOME:

- Have you received all W-2's from ALL employers?
- Did you bring every W2 and 1099 that you have received? IRS IS MATCHING THESE TO YOUR RETURN! This includes Social Security Statement.
- Do you own an interest in a Partnership, Corporation, Estate or Trust? Please bring any K1's from these entities.
- Did you receive any interest or dividend income? If so, see Sec C or D, and bring in your 1099's.
- Did you dispose of any assets in 2023? (Real estate, securities, business assets) If yes, please attach details such as brokerage statements and/or closing statements.
- Do you have rental property? If so, see section F. If you have multiple rentals, use section F as a template for your properties.
- Do you have a small business, are you self-employed or did you receive a 1099-MISC for contract labor? See Section G.
- Did you or your spouse "roll over" a profit-sharing or retirement plan into another plan?
- Did you or your spouse receive any lump sum distributions from IRA, Profit Sharing or Pension Plan? Bring 1099's.
- Did you take your first RMD in 2020, 2021, 2022 or 2023?
- Did you receive any income not shown in this organizer such as gambling income, bartering, etc.?

EXPENSES AND DEDUCTIONS:

- Did you pay real estate taxes on your residence in 2023? If so, see section J - Taxes.
- Did you incur medical expenses greater than 7.5% of your Income? If so, see section J – Medical
- Did you make a cash or non-cash charitable contribution in excess of \$250? See section J.
*If YES, you must have contemporaneous receipts for gifts to claim deduction.
- Did you have any child or dependent care expenses? See section K.
- Did you pay tuition, fees and/or books to a college or university for yourself, spouse or dependent?
*Does not include room and board or student activity expense. Please provide details of tuition paid (1098-T & documentation for books & supplies.)
- Do you have any stock or crypto that is worthless this year?
- Did you pay interest in 2023 on a student loan for yourself or dependent?
- Did you use your car for business purposes other than commuting to & from work? See Section G.
- Did you donate any Crypto or Virtual Assets? Report in Section J under non-cash items
- Did you or do you plan to contribute to an IRA for 2023? Can we assist you with this decision? Contributions are due by April 15.
- Did you contribute or take distributions from a Health Savings Account (HSA)?
- Did you give a gift greater than \$17,000 last year?
- Have you done a Cash Out Refinance on your Home? Please enter the amount of the remaining refi mortgage that wasn't used to improve the property.

OTHER:

- Did you pay any estimated taxes during the year? Complete section H.
- Did you purchase, sell, or REFINANCE your principle home or your second home or make a home equity loan during the year? If so, please bring closing statements and HUD-1 settlement statement.
- Do you have any other tax or financial questions for Your tax professional?

A. Wages, Salaries, W-2's Please bring every W-2 to our office

B. Retirement Income 1099 - R, Social Security 1099, IRA Distributions. Please bring every 1099 to our office

C. Interest Income 1099's Must be Attached

D. Dividend Income 1099's Must be Attached

E. Stock and Securities Sold or Other Assets Bring 1099-B from Broker

F. Rental Income By Property		
Attach details for additional properties		
Address:		
Income:		
Expenses:		
Advertising		
Cleaning		
Management Fee		
Insurance		
Repairs		
Supplies		
Taxes		
Interest Expense		
Number of Miles Driven		
HOA Expense		
Other		
Major Improvements List Below: ie: roof, major repairs, a/c, siding, carpets.		
Item	Cost	Date of Purch

G. Self Employed Business Income and Expenses		
Gross Income		
Inventory on hand on Dec 31 at your cost		
Expenses		
Cost of Goods Sold		Dues/Publications
Advertising		Rent
Bank Charges		Repairs
Commissions		Supplies
Freight		Taxes
Insurance		Travel
Interest		Telephone
Legal/Professional		Utilities
Office Expense		Wages
Other		Other
Did you buy any equipment for your business? If so, please provide a list including description, cost and date of purchase.		
Item Description	Cost	Date of Purchase
Did you drive your vehicle in your business? Y N		
Please provide total miles driven during the year. _____		
How many of these miles were for business purposes this year? _____		

H. Estimated Taxes Paid			
Date Due	Date Paid	Federal	State
Applied from Prior Years Tax Refund	(Bring in check images)		
First Quarter April 18, 2023		\$	\$
Second Quarter June 15, 2023		\$	\$
Third Quarter September 15, 2023		\$	\$
Fourth Quarter January 16, 2024		\$	\$

J. Itemized Deductions	Amount
Medical (Out of Pocket Expense)	
Medical Insurance	
Long-Term Care Insurance	
Mortgage Interest - Residence	
Mortgage Interest - Other (Not Rental)	
Real Estate Taxes - Residence	
Real Estate Taxes - Other	
Value of Cash Charitable Contributions	
Value of Non Cash Contributions	

K. Child Care	
Name of Provider and EIN/SSN	Amount
Note: Did you Participate in a cafeteria plan where your employer pays dependent care benefits for you?	
<input type="checkbox"/> Yes <input type="checkbox"/> No	