Meeting summary for Keep It Simple New User Training (11/21/2024)

Quick recap

The team discussed the tax law changes for tax year 2024, focusing on the adjustments to the Federal tax brackets and the standard deduction, as well as the 1099 K reporting threshold. They also explored the setup and configuration of user accounts, the process of filing tax returns, and the importance of accurately categorizing business miles and expenses. Lastly, they discussed the benefits of transitioning customers to the customer portal, the limitations of their portal, and the upcoming availability of e-filing after the IRS reopens in January.

Next steps

• Tax preparers to familiarize themselves with the new 1099-K reporting threshold of $5,000 in gross payments.

• Tax preparers to educate clients on common misconceptions about 1099-K reporting and taxable income.

• Tax preparers to verify client identity using government-issued ID or passport for all tax returns.

• Tax preparers to use the "Other Expenses" category on Schedule C only for items that don't fit into existing categories.

• Tax preparers to properly document due diligence efforts on Form 8867, including attaching explanations for documents used.

• Tax preparers to encourage clients to use the client portal for document uploads and accessing past returns.

• Tax preparers to answer "No" when asked if invoices are complete for non-bank product returns to allow for future edits.

• Tax preparers to use the notes feature in the software for important client reminders and rejection follow-ups.

• Tax preparers to ensure accurate reporting of commuting and personal miles on Form 4562 for vehicle expenses.

• Tax preparers to check the box for HOH/QSS qualifier when preparing head of household returns.

• SimpleTAX team to consider developing AI integration for the tax preparation software in the future.

Summary

Tax Law Changes and 1099 K Reporting

The meeting focused on the tax law changes for tax year 2024, specifically the adjustments to the Federal tax brackets and the standard deduction. The main topic of discussion was the 1099 K reporting threshold, which has been reduced to $5,000 in gross payments and/or one or more transactions. The team discussed how to address taxpayer misconceptions about the 1099 K, emphasizing that it's not a new tax but rather previously unreported income. They also clarified that only profits from goods or services sold are taxable, not personal payments or reimbursements. The team acknowledged that they would need to reconcile taxable and non-taxable transactions, and that they would have to ask taxpayers for clarification on this matter.

Tax Law Changes and Software Overview

SimpleTAX discussed the tax law changes for the current year, emphasizing that there were no significant changes expected before the end of the year. He highlighted the increase in retirement contribution limits, healthcare limits, and the foreign income exclusion. SimpleTAX also stressed the importance of reporting the 1099 K, as it would delay refunds if not reported. He then moved on to the software, explaining the dashboard screen and its features, including

the tax year, text messages, bank enrollment, live chat, remote support, and quick account setup. He encouraged everyone to complete their account configuration now to be ready for the tax season.

SimpleTAX User Account Setup and Firm

SimpleTAX discussed the setup and configuration of user accounts, including the selection of account names, forms, and passwords. They emphasized the importance of having phone numbers and email addresses for users, and the need for preparers to have a password. SimpleTAX also explained the user options, including the ability to see a list of all taxpayers or only those assigned to them, and the ability to delete returns, invoices, and file amendments. They highlighted the importance of checking the boxes for printing and emailing tax returns. SimpleTAX also discussed the firm setup, including the ability to change email addresses and phone numbers, and the options for pricing and discounts. They also touched on the client portal, the ability to brand it with a logo, and the return stages. SimpleTAX mentioned that check printing will now be done through the bank's website, and provided instructions on how to set up a signature pad. Lastly, they mentioned the availability of video tutorials and other resources on their support website and Youtube channel.

Tax Filing Process and ACA Compliance

SimpleTAX discussed the process of filing tax returns, emphasizing the importance of verifying identities and obtaining email addresses and cell phone numbers for efficient communication. They highlighted the need to check the Affordable Care Act (ACA) box and the potential for rejections if the taxpayer had health insurance through the marketplace. SimpleTAX also explained the process of adding an ACA explanation form in case of a rejection and the importance of selecting the correct resident state. They also touched on the generation of Spanish version forms and the process of adding bank information for direct deposit.

Identity Verification and Tax Filing Process

SimpleTAX discussed the importance of verifying taxpayers' identities, particularly when filing remotely. They emphasized the need for face-to-face verification to prevent fraudulent filings. SimpleTAX also explained the process of filing a head of household return, including the need for a qualifying dependent and the importance of checking the HOH QSS qualifier. They also discussed the addition of income, specifically W-2 forms, and the potential for employer contributions to health savings accounts (HSAs). SimpleTAX highlighted the need to determine the type of HSA coverage and the eligibility for coverage throughout the year. They also mentioned the importance of asking questions to ensure accurate filing.

Adding 1099 NEC and Depreciation

SimpleTAX discussed the process of adding a 1099 NEC to a tax return, emphasizing the importance of correctly reporting the amount from Box One. He also highlighted the significance of using the 'clipboard' feature for itemizing expenses and maintaining accurate records for potential audits. Furthermore, he explained the process of depreciating business assets, stressing the importance of correctly identifying the asset type and the date it was placed in service. He also warned against the potential consequences of misrepresenting depreciation, such as fraud charges.

Categorizing Business Miles in Tax Returns

SimpleTAX discussed the importance of accurately categorizing business miles, commuting miles, and personal miles in tax returns. They emphasized that these miles are crucial for calculating actual expenses and that incorrect categorization could lead to audits. SimpleTAX also clarified the difference between commuting and personal miles, and the importance of not mixing cell phones and Internet with other expenses. They further explained the process of completing the return, including due diligence and the use of the QBI. The conversation ended with a discussion on the items that can be categorized under 'Other Expenses' in a tax return.

Managing Tax Returns and Signatures

SimpleTAX explained the process of managing tax returns, including uploading documents, setting up payment methods, and obtaining signatures. He emphasized the importance of ensuring the taxpayer's information is accurate and verified, using a form that the taxpayer signs to confirm the accuracy of their information. SimpleTAX also discussed the option of sending a remote signature request and the process of emailing the tax return to the taxpayer. He highlighted the need for the taxpayer to request a printed copy, as the IRS allows any medium or format for the tax return as long as the taxpayer agrees.

Tax Return Process and Client Portal

SimpleTAX discussed the process of sending tax returns to taxpayers, including how to create and send passwords for encrypted PDFs. They emphasized the importance of marking returns as complete before initiating payment and transmitting them. SimpleTAX also highlighted the benefits of using the client portal for taxpayers to access and manage their tax documents, including uploading new documents. They advised against marking invoices as complete if a bank product is needed, as this would lock the payment and require support team intervention.

Transitioning to Customer Portal Benefits

In the meeting, SimpleTAX discussed the benefits of transitioning customers to the customer portal, emphasizing that it saves time and increases efficiency. They clarified that the client portal is only available for the current year and not for prior years. SimpleTAX also explained that remote signatures are only available in the current year. They highlighted the usefulness of the notes section for preparers to keep track of reminders and customer information. A question about the storage of text messages for a client was answered affirmatively, with all messages stored in the text messages section. The availability of the meeting recording for playback was confirmed, with the

recording to be uploaded to the Simplex support Youtube Channel.

SimpleTAX Portal Limitations Discussed

In the meeting, SimpleTAX discussed the limitations of their portal, particularly regarding identity verification and client intake forms. They explained that due to security concerns, they cannot verify who is uploading information, making it difficult to implement certain features. They also clarified that while their software will be available after November 30th, e-filing will not be possible until the IRS reopens in January. They encouraged clients to wait until then to file their returns. SimpleTAX also addressed questions about handling W-7 preparations and the possibility of future webinars or in-person training sessions.