

## Meeting summary for SimpleTAX 1040 New Tax Year Training (12/04/2024)

### Quick recap

SimpleTAX discussed the upcoming release of software, tax law changes for the coming tax season, and updates to the Earned Income Tax Credit. They also introduced new features in their system, including a new license number field, a default bank application disbursement option, and a new statusing function for business utilities. The conversation ended with a demonstration of how to handle a 1099 K form, the process of using their tax software, and the use of their live chat feature for support.

### Next steps

- Tax preparers to complete bank enrollment as soon as possible.
- Tax preparers to be cautious when selecting business codes for Schedule C, avoiding overuse of code 99.
- Tax preparers to properly handle 1099-K forms, distinguishing between personal and business transactions.
- Tax preparers to utilize the live chat feature on the SimpleTAX support site for efficient assistance.
- Tax preparers to review new tax law changes, particularly regarding Form 1099-K reporting thresholds.

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### Summary

#### Tax Law Changes and 1099-K Updates

In the meeting, SimpleTAX discussed the upcoming release of software on or around December 15th and encouraged participants to complete their bank enrollment as soon as possible. The discussion then shifted to tax law changes for the coming tax season, including Federal tax brackets adjustments and the standard deduction increase. The main focus was on the changes to Form 1099-K, with the reporting threshold now at \$5,000 in gross payments and one or more transactions. SimpleTAX addressed common misconceptions

about the 1099-K and provided guidance on how to handle it. Lastly, updates to the Earned Income Tax Credit (EITC) were discussed, with the maximum EITC being \$7,830.

## **2024 Tax Changes and Software Updates**

In the meeting, SimpleTAX discussed the 2024 tax changes, focusing on the retirement contribution limits and healthcare limit increases, which are primarily adjustments for inflation. They also highlighted the change for the foreign earned income exclusion, emphasizing the importance of understanding the difference between residency and presence. SimpleTAX concluded that there were no significant tax law changes for the year and that it was unlikely for any major changes to occur in the next few months. They also introduced a new login error message feature in the 1040 software and discussed a new process for handling duplicate dependent returns, which involves obtaining a protection PIN from the IRS website. The potential impact of this new process on refund timeframes was not yet clear.

## **SimpleTAX System Updates and Enhancements**

SimpleTAX discussed several updates and enhancements to their system. They added a new license number field for pay prepares and a phone number field for employers and payers, particularly vital for child care providers. The document archive now supports additional document types, eliminating the need to convert files to PDF or JPEG. They also added a default bank application disbursement option and a new print option setting for the engagement letter in the client organizer. The system now allows sorting returns by locked status and has made it easier to access the taxpass mobile site. They also added state amendment and extension acknowledgement letters in English and Spanish, and new search and display fields in the extended reports. Lastly, they discussed updates to various forms and worksheets, and a new statusing function for business utilities.

## **SimpleTAX Updates and Software Demo**

SimpleTAX discussed the updates and improvements made to the business states this year, including the addition of e-filing extensions and estimates for various states. They also introduced new software in a beta mode, which is expected to be released in the next week or so. The software includes features like work in progress summaries, client data, and form additions. SimpleTAX also provided tips on how to navigate the software, emphasizing the importance of accurately reporting income and expenses. They highlighted the need to choose the most appropriate principal profession type and to determine if the taxpayer

materially participated in their business. The conversation ended with a demonstration of how to add a 1099 NEC and link it to the correct form.

### **Expense Categorization and Depreciation**

SimpleTAX discussed the importance of categorizing expenses correctly and the overuse of the 27a code. He emphasized the need for evidence to support deductions, particularly for mileage and expenses on a Schedule C. SimpleTAX demonstrated how to calculate mileage and actual expenses, highlighting the importance of including commuting and other uses. He also explained the process of depreciating assets, using a car and a laptop as examples. The conversation ended with a discussion on the calculation of depreciation and actual expenses.

### **Handling 1099 K Forms for Business**

SimpleTAX discussed the process of handling a 1099 K form for a business owner, Javier, who only uses it for personal transactions. They explained how to report the form, with the option to either exclude it from income or report a portion of it as business income. SimpleTAX advised Javier to provide documentation to prove which transactions were personal and which were business-related. They also demonstrated a quick method to navigate through the verification errors. The conversation ended with the form being queued for further processing.

### **SimpleTAX Software Demonstration and Support**

SimpleTAX demonstrated the process of using their tax software, highlighting the ease of use and the various options for processing and sending tax returns. They explained the remote signature feature, which requires a \$10 fee for both taxpayer and spouse signatures, and the option to email a signed copy of the tax return. SimpleTAX also showed where to find the tax pass link in the software and encouraged the use of the live chat feature for support, emphasizing its efficiency and the potential to maintain a position of expertise with customers. The conversation ended with no further questions and an appreciation for the attendees' time.