

Meeting summary for Keep It Simple New Tax Year Training (12/04/2024)

Quick recap

SimpleTAX discussed the upcoming software release, tax law changes for tax year 2024, and the changes in the tax return process for 2025. They also emphasized the importance of accurate business codes, correct categorization of expenses, and the process of completing and sending tax returns electronically. Lastly, they addressed questions about the presence test, the 8879 form, and the use of auto-generated PINs, and mentioned the release of an interview mode video.

Next steps

- Tax preparers to familiarize themselves with the new \$5,000 threshold for 1099-K reporting.
- Tax preparers to educate clients on the implications of 1099-K reporting and potential tax obligations.
- Tax preparers to use the "other expenses" category on Schedule C only for items that don't fit into existing categories.
- Tax preparers to ensure accurate date of service entry for depreciation calculations.
- Tax preparers to utilize DM Docs for storing client documents and signed tax returns.
- Tax preparers to encourage clients to use the client portal for document uploads and electronic signatures.

Summary

Tax Law Changes and 1099 K

In the meeting, SimpleTAX discussed the upcoming software release and encouraged attendees to enroll with the bank. The webinar was recorded and would be posted on the YouTube channel. The main topic of discussion was the tax law changes for tax year 2024, with a focus on the form 1099 K reporting threshold changes. SimpleTAX clarified misconceptions about the 1099 K, such as it not being a new tax and not all transactions

listed on it being taxable. The meeting also covered common questions and tax law changes, including adjustments for inflation, capital gains tax rates, and retirement contribution limits.

Tax Return Process and Software Updates

SimpleTAX discussed the changes in the tax return process for 2025, emphasizing the importance of understanding the presence test for the foreign income exclusion. He highlighted the new features in the software, including the simplified remote signature for married filing joint returns, improved prior year import, and the ability to request a personal identification number or identity protection PIN through the IRS website. SimpleTAX also advised on the importance of setting up accounts and doing bank enrollments to avoid repetitive tasks in future years. He encouraged the use of the live chat feature for support and clarified that the 1040 SS form is exclusive to bona fide residents of Puerto Rico.

Client Verification and Tax Return Process

SimpleTAX discussed the importance of obtaining an email address and cell phone number from clients for efficient communication and marketing purposes. They also emphasized the need to verify clients' identities, especially for those filing tax returns, to protect against identity theft. SimpleTAX explained how to input this information in the software, including the use of a driver's license or state ID for verification. They also highlighted the need to check a box for clients to receive text message alerts from the tax office. Lastly, they discussed the process of adding dependents and income sources, such as W-2 forms and Schedule C for small businesses, to the tax return.

Business Codes and Dates Importance

SimpleTAX discussed the importance of accurate business codes and dates for tax preparation. He emphasized the need to use the unclassified code as a last resort and to choose the most appropriate business code. He also highlighted the significance of the date placed in service for depreciation and mileage calculations. SimpleTAX explained how incorrect dates could lead to incorrect depreciation amounts and how to use the software to add and manage expenses. He also mentioned the usefulness of the software's clipboard feature for organizing receipts and expenses, especially in case of audits.

Expense Categorization and Tax Forms

SimpleTAX discussed the importance of correctly categorizing expenses in tax returns, emphasizing that the IRS often sees errors in the 'other expenses' category. He explained that expenses like cell phones, internet, and water bills should be categorized as utilities, not other expenses. He also clarified how to handle a 1099K form, stating that it should only be reported if it's related to business transactions, otherwise it should be marked as 'issued incorrectly'. SimpleTAX also demonstrated how to fill out the QBI form and the 8867 form, stressing the importance of keeping records for potential audits. He concluded by explaining how to generate a signature page for the taxpayer to sign, confirming the accuracy of the information provided.

Tax Return Completion and Signatures

SimpleTAX explained the process of completing a tax return, including marking the return as complete and reviewed, and saving the changes. They also discussed the payment options, emphasizing that the answer to whether an invoice is completed should always be 'no' to allow for future edits. SimpleTAX further explained the signature options, including printing, using a signature pad, or sending a remote signature link via email or text. They also clarified that remote signatures are only available for the current year and have a 30-minute validity period.

Electronic Tax Return Generation Process

SimpleTAX demonstrated the process of generating and sending tax returns electronically. The process involves validating the user's information, generating forms, and having the client review and sign the return electronically. The signed return is then sent to the client via email, with instructions on how to open the PDF attachment. The client can also access their tax return through the client portal, which can be used to upload documents for future tax returns. SimpleTAX emphasized the importance of following the IRS's rules regarding the method of providing tax returns to the taxpayer.

Transitioning to Digital Tax Process

SimpleTAX discussed the benefits of transitioning to a more digital-friendly process, highlighting features that can save time and make life easier. They also addressed questions about the presence test, the 8879 form, and the use of auto-generated PINs. SimpleTAX clarified that the 8879 form needs to be filled out every time, and the auto-generated PIN is recommended for consistency. They also mentioned that an interview mode video will be released this month. No further questions were raised at the end of the meeting.

