LAWRENCE TAX SERVICE

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A MESSAGE FROM THE LAWRENCE TAX SERVICE TEAM

DEAR CLIENTS and FRIENDS: Lawrence Tax Service (LTS) welcomes you to the new year and the upcoming 2023 tax season. Our experience in fulfilling clients' expectations last year necessitated exploring additional options to prepare and complete each tax return. While unfamiliar to many clients initially, our pre-scheduled virtual appointments were well received and streamlined the process. For your convenience, we will continue to provide this option.

We appreciate your efforts to timely compile all relevant tax data, so we may complete your return efficiently and accurately. With this goal in mind, we are highlighting certain procedures, documents needed, updates to billing and fees as well as privacy and security enhancements provided by our client portal, SmartVault.

Enclosed are your annual tax data collection sheets for your 2022 taxes. Additionally, we require you to sign and return the enclosed LTS Engagement Letter ("yellow sheet"). Please take care in preparing your tax data/organizer sheets and documentation, so we can do the best job to maximize tax benefits for you.

With the start of 2023, it is time to gather your tax records for the upcoming tax season. Many year-end tax forms will be mailed to you shortly from various reporting entities such as employers, retirement custodians, mortgage companies, etc. Refer to the enclosed "Things to Bring List" for many of the forms we will need in order to prepare your tax returns. As Federal and State tax laws are constantly changing, LTS is monitoring all changes to prepare returns in compliance with current law. We will also monitor the news for proposed changes yet to become law. LTS is here to help!

THE LTS TEAM: The LTS team works collaboratively throughout the year providing tax preparation and representation services for our valued clients. LTS was founded by Greg Lawrence in 1973. Today our team includes Miles Lawrence, Dick Moore and Rhonda Ibrahim each an Enrolled Agent and Brett Strother, an EA and CPA. The LTS administration and reception Team is Jeannie Lowrance and Minji Jo. Minji joined the LTS Team in 2022 and is preparing to take the EA exams in 2023. Jeannie and Minji will also facilitate technology related needs by assisting clients to schedule virtual appointments and to register and use the LTS portal (SmartVault).
Rhonda continues to operate CPO Consulting LLC which provides bookkeeping and QuickBooks consulting services.

PRE-SCHEDULED VIRTUAL OR IN-PERSON APPOINTMENT REMINDER: As mentioned earlier, the 2023 pre-scheduled appointments will consist of either a virtual appointment in the form of a phone call or Zoom online meeting, or alternatively an in-person meeting. As we did last year, we have pre-scheduled your appointment based upon your prior year history. We mailed these notices to each of you in December. Let us know ASAP if you do not receive this letter or must change your appointment. The letter contains the date, time, and preparer for your meeting. Additionally, our office will need your tax data at least one week prior to your virtual appointment. We will contact you the week before your appointment with a reminder.

LTS WEBSITE: WWW.LECPROFGROUP.COM AND PORTAL Please periodically check our website at LEC-ProfGroup.com for copies of our mid-year email updates, annual newsletters, related tax data collection sheets, our fee schedule, and the LTS Engagement Letter. The website also reports on the LTS team, appointment procedures, privacy policy, and other important information for your benefit.

- **PORTAL:** Our LTS website has a link in the upper right corner to our secure SmartVault portal which is described in more detail under the Privacy/Data Security Policy below.

APPOINTMENTS AND PROCEDURES: The following is a brief review of LTS policies.

1. *Virtual or In-Person Appointments:* A hallmark feature of LTS is the popular two-hour appointment. It is scheduled with you to perform the due diligence needed to prepare your taxes and achieve tax compliance while reconnecting on a personal level. Similar to prior tax seasons, we will schedule these appointments Monday through Saturday starting at 9 AM with the last appointment scheduled no later than 6 PM.
2. *Mail-in Program*: For our personal income tax clients, the mail-in program allows you to mail, upload to LTS portal (see comments below) or drop off your individual tax data using the attached data collection sheets or tax organizer. If your mail-in data is substantially complete and sent or post-marked by March 1, 2023, we are offering a 15% discount to our fees.
3. *Fees & billing* Our LTS published fees have been updated (per form, schedule, and hourly rate). The IRS and states have created some new 2022 forms and schedules which we have added to our LTS minimum fee schedule. Similar to last year, we have summarized our fees and billing policy in the attached Engagement Letter (yellow sheet). Again, please sign, date, and return this letter to LTS. Tax preparation fees are based on our minimum fee schedule and found on the reverse of the Engagement Letter. In addition to tax preparation services, should you require tax consultation, planning or audit representation services, the fee charged will be based upon the hourly rate of the tax professional working on your case.
4. *Data Collection Sheets and/or Tax Organizer*: As part of this LTS newsletter we are including our familiar tax data collection sheets (blue and green). Please fill out the sheets and include all the documents requested on the Things to Bring List. Continuing this year, each client can access their Tax Organizer package (the multi-page questionnaire reflecting current and prior year tax data) on our secure portal, SmartVault. We appreciate clients who are prepared and organized for their tax appointment by using these sheets and answering all the queries which are essential for tax compliance.
5. *Privacy/Data Security Policy:* The law prevents us from discussing your business with others without your written permission. Therefore, we do not share your private tax information with anyone (e.g., lenders, mtg brokers, etc.) without it. ***WARNING:*** Because Identity Theft and even fake IRS scams are on the rise, you should be extremely careful with your private financial information. Continuing this year, IRS makes available an Opt-In program for identity protection PINs.
   - **SmartVault portal:** For security purposes and your protection, any security sensitive documents should be transmitted to our LTS SmartVault by uploading your documents to the portal. We encourage everyone to take advantage of the security feature of our portal.
     - Easy Activation: If you haven't already activated your SmartVault account, please contact us so that we can resend you an invitation to activate and we can follow up with a call.
     - Enhanced Features:
       - Four Client Folders: Organized by year for easy use. For the 2022 tax year, look for folder named "TY2022" and in it, you will see the sub-folders: Client Action Required, Client Organizer and Data Collection, Client Source Documents and Client Tax Returns.
       - Security: Two Factor Authentication

1099 FILING SEASON IS JANUARY: Both IRS and State agencies have increased penalties for late or erroneous 1099s. The 2022 tax forms require an affirmative answer, under penalty of perjury, to the question if you have met your 1099 filing requirements. 1099s are required to be filed by all payers to non-incorporated entities, including individuals and landlords, where the total payments for the year were $600 or more. January is the month to prepare and mail recipients any 1099s you must file. WORKER RECLASSIFICATION audits are also examining if someone is more properly an employee rather than an independent contractor. If you have dutifully filed 1099s on your contractors, then your case is buttressed. We encourage you to file 1099s, even if you missed the January deadline, and may be subjected a penalty. If you need help, please contact us in early January and provide your information, so we can help you comply in this complicated area. Be sure to have all your contractors fill out W-9 forms and when in doubt answer the questions on an SS-8 form.

Your LTS Team looks forward to working with you this coming tax season and wishes you a safe and Happy New Year!