

Nancy Lawrence, EA

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On behalf of myself, Sandie, Becky and the entire staff, we would like to thank you for your continued patronage and for the confidence you place in us from year to year.

Please note:

- 1) To make sure that we have the most current and accurate information, we are asking that you take a few minutes and fill in our tax questionnaire. It is also important that we have updated email addresses, phone/cell numbers, mailing addresses and bank information-please note those changes on the questionnaire.
- 2) Read and sign the engagement letter which explains your responsibilities along with our responsibilities to you.
- 3) Please enclose the completed questionnaire and the engagement letter with your tax information/documents you are supplying to us.
- 4) **NO** returns will be efiled until the Efile Signature Forms (8879) are **signed AND payment** has been made in full for the tax preparation.
- 5) **March 26, 2025** is our cutoff date for appointments and drop-offs. Any tax information dropped off after that date may be placed on extension.

Tax Law Changes for 2024

1) Energy Saving Improvements-

If you made energy saving improvements to your home in 2024, you might be able to claim a tax credit for that improvement. Qualifying upgrades include energy-efficient windows, exterior doors, insulation, particular roofs, heating and air conditioning systems and water heaters – there is a \$1,200 annual limit on the credit amount.

2) Electric Vehicles-

There are new rules relating to purchases of electric vehicles, these rules start with those purchased in 2023 through 2032.

The tax credit is taken in the year you take delivery of a qualifying clean vehicle.

For new clean vehicles purchased in 2023 or later, you may qualify for a credit of up to \$7,500. To qualify, the vehicle must be for personal use or the individual's business, and modified AGI must be equal to or less than these thresholds: \$300,000 for married filing jointly, \$225,000 for head of households, \$150,000 for all other filers.

The seller of the car must be registered with the IRS and provide you with information about the vehicle qualifications at the time of sale and report to the IRS the vehicle's information, purchasers' name and TIN.

3) 1099-K Changes-

Following feedback from taxpayers, tax professionals, and payment processors and to reduce taxpayer confusion, the Internal Revenue Service delayed the new \$600 Form 1099-K reporting threshold requirement for third party payment organizations. A threshold of \$5,000 is set for 2024.

4) Cryptocurrency/Digital Assets-

We will again be asking a question about Digital Assets (Cryptocurrency) that needs to be answered on your tax return. This is on the front page of the 1040 and is a high priority with the IRS. Be prepared to answer that question for us. If you engage in such transactions, it is imperative you keep good records and report all the income you have received.

5) RMDs

Here's some good news for retirees: Effective January 1, 2024, Required Minimum Distributions are required from all retirement accounts (except ROTH accounts) at the following ages.

- 70 ½ if the taxpayer was born before July 1, 1949
- 72 if the taxpayer was born July 1, 1949, to December 31, 1950
- 73 for any taxpayer born between 1951 and 1959.
- 75 for any taxpayer born in 1960 or later.

There is a penalty for people who fail to take their RMD, but that penalty is lower than in past years.

Starting in 2024, the excise tax for such failures is 25% of the missing RMD amount, which is down from 50%. Additionally, the penalty goes down to 10% for failures that are corrected in a timely manner.

6) Inherited Non-Spousal IRA's after 2019 – the IRS recently provided clarification on when Inherited IRAs must be distributed.

- If the original IRA holder had reached the RMD age, yearly payouts are required. The beneficiary figures annual RMD's based on their own life expectancy for years 1-9, with the rest of the account fully depleted by year 10. Of course, the beneficiary can take larger amounts from the account if desired.
- If the original IRA holder had not begun distributions, the beneficiary need not take annual payouts. They can opt to wait until year 10 to take funds, get yearly payouts, or skip years provided the IRA is depleted by year 10.
- **There is relief for 2021-2024. Beneficiaries aren't penalized for not taking RMD's but must start taking them in 2025.**

7) 529 Plans-

Effective January 1, 2024, unused funds in 529 Plans are now eligible for a rollover to a ROTH IRA. Here are some guidelines on how your clients can qualify for this rollover.

- Lifetime limit: Your clients can roll over up to \$35,000 in their lifetime.
- Annual contribution limit: The amount your clients roll over must be within the annual contribution limit for the Roth IRA. For 2024, the limit is \$7,000, or \$8,000 for those 50 and older.
- Beneficiary: The Roth IRA must be in the same name as the 529 plan beneficiary.
- Account age: The 529 plan must have been in existence for at least 15 years.
- Rollover funds: The funds rolled over must have been in the 529 plan for at least five years.
- Earned income: The beneficiary must have earned income equal to at least the amount transferred in any year.

8) BOI Rule

Starting in 2024 newly formed, corporations, limited liability companies (LLCs), limited partnerships, and other entities that file formation papers with a state's Secretary of State's office (or similar government agency) must file a report with the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) providing specified information regarding the entity's "beneficial owners."

At this point, the mandate is on hold and not mandatory but voluntarily. We recommend that those who fall under these parameters follow through and file the BOI. Here is the link: <https://boiefiling.fincen.gov/>

PLEASE NOTE – moving forward we are recommending direct debit for balances due to IRS/PA as well as estimated tax payments. This will lessen the possibility of loss checks/vouchers or delays with the governments in processing your payments.

We look forward to working with you this year.

Nancy, Sandie, Becky, and our admin staff - Susan, Kathy, Gina and Tom

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ENGAGEMENT LETTER

Thank you for selecting Nancy Lawrence EA Tax Office to assist you with your tax affairs.

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2024 (or previous years) federal, state and local income tax returns you request, using the information which you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. We've enclosed a questionnaire to help us gather the information required for a complete return. If you use the questionnaire, it will help avoid overlooking important information and contribute to the efficient preparation of your tax returns.

It is your responsibility to provide the information required for the preparation of complete and accurate returns. You should keep all documents, cancelled checks, and other data that support your reported income and deductions. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You should have substantiation for all deductions that require strict documentation such as charitable contributions, travel and entertainment expenses, and for business usage of automobiles. You bear full responsibility for the income tax returns and therefore, you should review them carefully.

Our work will not include any procedures to discover misrepresentations, fraud, illegal acts, theft, or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We must use our judgement in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In order to avoid penalties, we will apply the "more likely than not" reliance standard to resolve such issues.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

Your returns may be selected for audit by a taxing authority. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an additional engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with the terms we agree on for that engagement. Please inform us immediately of any notices from any tax agency. In preparing your return, we are not responsible for a taxing authority's assessment of underpayment penalties or interest where this action resulted from erroneous, incomplete, inaccurate, or misrepresented information provided by you, to us.

For our self-employed clients:

Starting in 2024 newly formed, corporations, limited liability companies (LLCs), limited partnerships, and other entities that file formation papers with a state's Secretary of State's office (or similar government agency) must file a report with the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) providing specified information regarding the entity's "beneficial owners."

At this point, the mandate is on hold and not mandatory but voluntarily. We recommend that those who fall under these parameters follow through and file the BOI. Here is the link: <https://boiefiling.fincen.gov/>

PLEASE NOTE: our office will NOT be filing these on our client's behalf, it is the owner's responsibility to file.

Our fee for preparation of your tax return is based on a per form/per schedule basis. All invoices are due and payable upon receiving completed taxes. Payment can be made by cash, check or credit card. For your convenience, we accept American Express, MasterCard, Visa, Discover, Zelle, PayPal, ApplePay, Samsung Pay and now through our Verifyle esignature system as form of payment.

Keep an eye out for the invoice to be sent along with the signature request on your efile forms.

Should a tax return require revision after completion through no fault of our firm, revision fees will apply. Any tax return requiring revision due to a legitimate preparation error will be revised at no charge.

We will retain copies of the records you supplied to us, along with our work papers for your engagement, for a period of four years. After four years, our work papers and engagement files will be destroyed. You should retain your tax return and all supporting documentation for seven years. All your original records will be returned to you at the end of this engagement. You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated.

We appreciate your confidence in us.

Nancy L Lawrence, EA Tax office

Accepted By: _____

Accepted By: _____

Date: _____

Client Questionnaire

Please check the appropriate boxes on questionnaire and include all necessary details

Fill in all applicable information (pages 1 thru 4)

Taxpayer
Name _____ SS# _____ DOB _____ Occupation _____

Spouse
Name _____ SS# _____ DOB _____ Occupation _____

Dependent Daughter Son
Name _____ SS# _____ DOB _____

Dependent Daughter Son
Name _____ SS# _____ DOB _____

Dependent Daughter Son
Name _____ SS# _____ DOB _____

Address _____

Taxpayer Cell# _____

Spouse Cell# _____ Home# _____

Taxpayer E-Mail _____

Spouse E-Mail _____

Personal Information

Did your marital status change during the year? YES NO

If yes, explain: _____

Date of change: _____

Did your address change from last year? YES NO

Old Address: _____

Dates lived at old address: To: _____ From: _____

New Address: _____

Dates lived at new address: To: _____ From: _____

Can you be claimed as a dependent by another taxpayer? YES NO

Bank Information

Did you change any bank accounts that have been used for direct deposit (or direct debit) with the IRS or other taxing authority during the tax year? YES NO

If yes, provide Bank Name _____

Routing# _____ Account # _____

Checking _____ or Savings _____

NEW CLIENT ONLY- if you owe taxes, do you want to have your payment directly debited from your savings or checking account to the IRS or state? YES NO

If yes, provide Bank Name _____

Routing# _____ Account # _____

Checking _____ or Savings _____

NEW CLIENT ONLY- if you are due a refund, do you want to have your refund directly deposited into your checking or savings? YES NO

If yes, provide Bank Name _____

Routing# _____ Account # _____

Checking _____ or Savings _____

Dependent Information

YES NO

- Were there any changes in dependents from the prior year? YES NO
- If yes, explain:** _____
- Do you have any children under 19 or a full time student with UNEARNED income (such as interest, dividends, capital gains) in excess of \$2500? YES NO
- Did you incur any adoption expenses? YES NO
- Did you pay for child care while you worked, looked for work, or while a full-time student? YES NO
- If divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities? YES NO

Business Information

- Did you start a new business or purchase rental property during the year? YES NO
- Did you sell an existing business, rental, or other property during the year? YES NO

FINCEN

- Is your new/existing business/rental property(s) registered with the state as a LLC, corporation, or partnership? YES NO
- If yes, we recommend to report a Beneficial Ownership Information to the US Department of Treasury - <https://www.fincen.gov/boi>**
- Please note** - this is the responsibility of the Business Owner and not our office

Investment Information

- Did you acquire or dispose of any stock during the year? YES NO
- If yes, we need dates of purchase and cost basis information, include 1099B forms.**

Real Estate Information

- Did you sell, exchange, or purchase any real estate during the year? YES NO
- If yes, provide settlement statements from the sale and/or purchase. (HUD1/Closing Disclosure Statement) Include 1099S, if required.**
- Did you refinance a principal residence or second home this year? YES NO
- If yes, provide the settlement statement. (Closing Disclosure)**
- Do you have a Home Equity Loan or Line of Credit? YES NO
- If yes, was the entire loan used to buy, build or substantially improve your primary residence?**

Income Information

- Did you receive unemployment compensation? Provide 1099G YES NO
- Did you receive a Form W2, 1099-NEC, 1099-MISC, 1099-K or other income statement for work performed? Provide appropriate form(s). YES NO
- Did you receive tip income not reported to your employer this year YES NO
- If yes, please provide amount** _____
- Did you receive any disability income during the year? YES NO
- Did any of your life insurance policies mature, or did you surrender any policies? YES NO
- Did you cash any Savings Bonds? YES NO
- Did you exercise or receive stock options? YES NO
- Did you receive cancellation of debt? Provide 1099C or 1099A YES NO
- Did you receive any awards, prizes, hobby income, gambling or lottery winnings? YES NO
- Did you receive alimony? Provide total received _____ YES NO
- Did you pay alimony? Provide total paid _____ YES NO
- If there are alimony payments paid or received, was the divorce or separation agreement executed after Dec 31, 2018? YES NO
- Date divorce was finalized: _____

YES NO

Digital Assets/Cryptocurrency

- At any time during the year, did you (a) receive as a reward, award or compensation or (b) sell, exchange, gift or otherwise dispose of a digital asset? YES NO
- Did you have any sales or other exchanges of virtual currencies (including from an air drop or hard fork) or used virtual currency to pay for goods or services? YES NO

Foreign Income/Taxes

- Did you have any foreign income or pay any foreign taxes during the year? YES NO
- Did you have a financial interest in or signature authority over a financial account such as a bank, securities, or brokerage accounts located in a foreign country? YES NO
- Did you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign country? YES NO

Retirement Income Information

- Did you receive Social Security Benefits? Provide SSA1099 YES NO
- Did you receive any payments from a pension or profit sharing plan? YES NO
- If yes, check off type: Pension __, Profit Sharing__ and provide 1099R(s) YES NO
- Did you make any **withdrawals** from an IRA or Roth IRA? YES NO
- If yes, check type - IRA __, Roth IRA __
Provide 1099-R(s)
- Did you make any **contributions** to an IRA or Roth IRA outside of payroll contribution? YES NO
- If yes, check off type IRA __, Roth IRA__ and provide statement(s) showing contribution amount(s)
- If yes, who made the contributions Taxpayer or Spouse:
Taxpayer: _____ (amount) Spouse: _____ (amount)
- Did you make a Qualified Charitable Distribution (QCD) from your IRA/RMD YES NO

Education Information

- Did you have any college expenses during the year on behalf of yourself, your spouse, or a dependent? If yes, provide form(s) 1098-T YES NO
- Did you make any withdrawals from an education savings/529 Plan account? YES NO
- If yes, provide form(s) 1099Q
- Did you make any rollovers from an 529 Plan into a Roth IRA? YES NO
- If yes, provide tax form(s)
- Did you make any contributions or withdrawals from an ABLE account? YES NO
- If yes, provide form(s) 5498SA and 1099QA
- Did you contribute to a 529 plan or educational IRA? YES NO
- If yes, please provide required information below:
Dependent name: _____ /Amount _____ /Soc Sec # _____
Dependent name: _____ /Amount _____ /Soc Sec # _____
- Did you make any student loan interest payments during the year? Provide 1098E YES NO

Itemized Deduction Information

- Did you incur any cost for your job, for which you were not reimbursed, such as union dues, uniforms, license fees, liability insurance or small tools? YES NO
- If yes, provide type of expenses and amounts of each _____

- Did you incur expenses as an elementary or secondary educator? YES NO
- If yes, provide amount spent _____

Estimated Taxes

YES NO

Did you make any estimated taxes for this tax year?

If yes, please provide amounts by quarter:

	Apr 15, 2024	June 15, 2024	Sept 15, 2024	Jan 15, 2025
Fed 1st Qtr	_____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____
PA 1st Qtr	_____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____
Local 1st Qtr	_____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____

Healthcare Information

Did you buy your insurance on the exchange? If yes, provide form(s) 1095-A Health Savings Accounts-

Did you receive any distributions or make any contributions into an HSA?

If yes, provide form(s) 1099SA and 5498SA

Miscellaneous Information

Did you make energy efficient improvements to your main home this year?

If yes, provide documentation - include item purchased & cost

Did you purchase a new clean vehicle? If yes, please include the documentation from the seller of the vehicle which includes required documentaion per IRS regulation

Did you make gifts of more than \$18,000 to any individual?

Did you incur moving costs because of a permanent change of station as a member of the Armed Forces on active duty?

Do you want to designate \$3 to the Presidential Election Campaign Fund?

Checking yes will not change your tax or reduce your refund.

Tax Documents Required

Provide the following as necessary:

-Forms W-2 for wages, salaries and tips

-All 1099's for Interest, dividends, retirement income, misc income, Social Security, gambling winnings, cancellation of debt income, etc.

-Brokerage statements showing investment transactions for stocks, bonds, etc.

-Sch K-1's from Partnerships, Corporations, Estates and Trusts

-Statements supporting deductions for mortgage interest, Real Estate taxes, charitable contributions, etc.

-Copies of settlement statements regarding the sale, purchase or refinance of real property. (HUD1's)

-Identity Protection PIN (IP PIN) from the IRS for yourself, spouse or dependent

If you have any additional questions, list here.