



Dear Clients and Friends,

February 6, 2023

Welcome to the 2023 tax season! Another exciting year has come and gone for the BEPCO family, and we can't wait to see what this year has in store for us. We have truly enjoyed serving each one of you and helping you achieve your goals as your most trusted business advisor. The last several years have resulted in momentous changes in tax law and as things finally seem to be headed in the direction of normalcy, we are hoping to guide you once again through updates.

We find it important to inform you that each year leadership evaluates the fee structure of the Firm and tries to maintain historical tax preparation fees for returning clients. However, that is not synonymous with fees never increasing. Besides the unprecedented amount of tax law change, our industry is experiencing an increasing shortage in our labor market. Since 2020, our economy has experienced an increase in inflation, which has impacted the costs of technology, and other goods and services the Firm utilizes. Additionally, and most importantly, the Firm employs some of the brightest, and most talented folks in the industry and we are proud of the service that we deliver to you and the impact that we are making in our communities. We value every one of our relationships and it is our responsibility to ensure that we continue to invest in those people who continue to deliver great service to you. Therefore, to continue to serve you at the highest level, the Firm will be increasing its fees to keep up with the increases in costs. If at any point you feel that you are not receiving the level of service you deserve, we encourage you to let us know. We thank you for your continued loyalty and support, and we look forward to continuing our journey together.



2023 Tax Season Deadlines

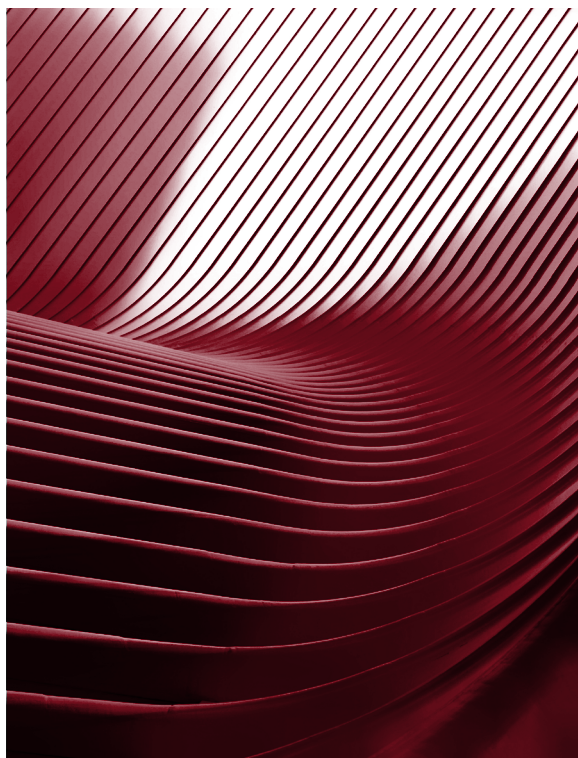
We encourage everyone to get your tax documents gathered and submitted to us as soon as you have all documents. While we make a concerted effort to accommodate all clients in a timely manner, we will closely monitor our Firm's workload throughout the tax season and will inform you if there is a need to file an extension for your tax return. Below are this year's tax filing deadlines:

Type of Return	Federal Tax Filing Deadline
1099-MISC	Tuesday, February 28 (paper)
	Friday, March 31 (efile)
S-Corporation	Wednesday, March 15
Partnership	Wednesday, March 15
Corporation	Tuesday, April 18
Trust	Tuesday, April 18
Individual	Tuesday, April 18
Non-Profit	Monday, May 15

How to Provide Your Information

The quickest, most secure method of getting your information to us is through one of our secure delivery methods. In addition to the client portal that we have been using for several years, we now have a new tool called SafeSend®. This allows our office administration to send forms and completed tax returns for e-signature securely and easily. Below are the options for sending us your tax documents. Please contact our office if you have any questions or need to get setup for secure portal/email or want to make an appointment with your tax preparer.

- BEPCO Portal
- Secure Email
- Drop-off



Office Information

Bryan Office

111 E. 27th Street, Bryan, TX 77803

Phone: (979) 268-1350 Fax: (979) 268-1560

Navasota Office

217 E. Washington St., Navasota, TX 77868

Phone: (936) 825-6507 Fax: (936) 825-6508

Normal Business Hours:

Monday – Friday, 8:00am – 5:00pm

Saturday Hours:

8:30am – 12:00pm for the following Saturdays for our Bryan and Navasota offices:

- March 4th
- March 11th
- March 18th
- March 25th
- April 1st
- April 8th
- April 15th

We are excited for this upcoming tax season and as always, we are grateful for your business and appreciate your online reviews and referrals. For more information, please visit us at www.bepcocpa.com.

Sincerely,

The Staff at Brewer, Eyeington, Patout & Co., LLP



TAX UPDATES FOR 2022 TAX FILINGS

Charitable Contribution Planning

Consider donating appreciated assets that have been held for more than one year, rather than cash. Opening and funding a donor advised fund (DAF) is appealing to many as it allows for a tax-deductible gift in the current year and the ability to dole out those funds to charities over multiple years. Qualified charitable distributions (QCDs) are another option for certain older taxpayers who don't typically itemize on their tax returns. Last year, individuals who did not itemize their deductions could take a deduction of up to \$300 (\$600 for joint filers). However, this opportunity is no longer available for tax year 2022. Also, note that it's important to have adequate documentation of all donations, including a letter from the charity for donations of \$250 or more.

Required minimum distributions (RMDs)

RMDs are the minimum amount you must annually withdraw from your retirement accounts once you reach a certain age (generally age 72). Failure to do so can result in penalties. Withdrawals usually have tax impacts. There are also opportunities to roll retirement funds to a qualified charity to satisfy the RMD without incurring taxes. The IRS has issued new life expectancy tables for the 2022 tax year, resulting in lower RMD amounts.

Digital Assets and Virtual Currency

Digital assets are defined under the U.S. income tax rules as any digital representation of value that may function as a medium of exchange, a unit of account and/or a store of value. Digital assets may include virtual currencies such as Bitcoin and Ether, Stablecoins such as Tether and USD Coin (USDC) and non-fungible tokens (NFTs). The sale or exchange of virtual currencies, the use of such currencies to pay for goods or services or holding such currencies as an investment, generally have tax impacts — and the IRS continues to increase its scrutiny in this area. We can help you understand any tax and investment consequences.

Energy Tax Credits

From electric vehicles to solar panels, “going green” continues to provide tax incentives. The Inflation Reduction Act of 2022 included new and newly expanded tax credits for solar panels, electric vehicles and energy-efficient home improvements. The rules are complex, and some elements of the law are not in effect until 2023, so careful research and planning now can be beneficial.

Additional Tax and Financial Planning Considerations

We recommend you review your retirement plans at least annually. That includes making the most of tax-advantaged retirement saving options, such as traditional individual retirement accounts (IRAs), Roth IRAs and company retirement plans. It's also advisable to take advantage of health savings accounts (HSAs) that can help you reduce your taxes and save for medical-related expenses.

If you withdrew a Coronavirus distribution of up to \$100,000 in 2020, you'll need to report the final one-third amount on your 2022 return (unless you elected to report the entire distribution in 2020 or have recontributed the funds to a retirement account). If you took a distribution, you could return all or part of the distribution to a retirement account within three years, which will be a date in 2023. We would like to work with you to strategize a plan to help restore and build your retirement savings and determine whether you're on target to reach your goals.

Here are a few more tax and financial planning items to discuss with us:

- **Life changes** — Let us know about any major changes in your life such as marriages or divorces, births or deaths in the family, job or employment changes, starting a business and significant expenditures (real estate purchases, college tuition payments, etc.).
- **Capital gains/losses** — Consider tax benefits related to using capital losses to offset realized gains — and move any gains to the lowest tax brackets, if possible. Net capital losses can offset up to \$3,000 of the current year's ordinary income. The unused excess net capital loss can be carried forward to use in subsequent years.
- **Estate and gift tax planning** — Let's make sure you're appropriately planning for estate and gift tax purposes. There is an annual exclusion for gifts (\$16,000 per donee in 2022, \$32,000 for married couples) to help save on potential future estate taxes.
- **Education planning** — Let's consider Sec. 529 plans to help save for education; there can be income tax benefits to do so, and we can help you with any questions.
- **Updates to financial records** — Let's determine whether any updates are needed to your insurance policies or beneficiary designations.

- **Roth IRA conversions** — Let's discuss and weigh the benefits of converting your traditional IRA to a Roth IRA to lock in lower tax rates on some of your pre-tax retirement accounts.
- **Estimated tax payments** — Let's review withholding and estimated tax payments and assess any liquidity needs.

For Your Business

Business meals

There is a 100% deduction (rather than the prior 50%) for expenses paid for food or beverages provided by a restaurant. This provision expires at the end of 2022. Note that W-2 employees are not eligible to deduct this expense.

Net operating losses (NOLs)

If your deductions for the year are more than your income for the year, you may have an NOL. In general, you can use an NOL by deducting it from your income in other year(s), but it is limited to 80% of your taxable business income in any one year. We can advise you on any potential tax benefits and limits.

Employee retention credit (ERC)

The ERC encouraged businesses to keep employees on their payroll during the pandemic. Although these credits relate to tax years 2020 and 2021, applying for these credits is still available. The IRS warned employers to be cautious of third parties taking improper positions related to ERC eligibility, as claiming the credit inaccurately can result in severe consequences. We can help you appropriately navigate the ERC.

Partnership audit and adjustment rules — Changes to the partnership audit and adjustment rules have been in effect for a few years but we are still seeing some partnerships and their partners be blindsided at the unpleasant consequences that can arise from these rules. Also, be aware that even if your business isn't a partnership, you'll want to evaluate the effect these rules could have if you've invested in any partnership.

Preparing for disasters — Do you have a disaster recovery plan in place for your business and, if so, have you updated it recently? We can help you review your plan, especially as it relates to financial information.

Whether it's working toward a tax-optimized retirement or getting answers to your tax and financial planning questions, we're here for you. Please contact our office today at 979-268-1350 to set up an appointment with one of our tax professionals.

