



Taxland Newsletter  
2023

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# AUGUST ISSUE

By **Tina M Chandler EA CFS**

## **UPCOMING DEADLINES:**

**2022 TAX FILING DEADLINE FOR THOSE ON EXTENSION: 10-16-23**

**3rd QTR ESTIMATED TAX PAYMENTS DUE: 09-15-23**

If you need assistance figuring out your estimated tax payments we are happy to help.  
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**Important Taxland Update:** We are no longer at 1205 Boston Road and still putting the finishing touches on our new office at 1206 Boston Road. For the time being we are working out of our Easthampton office. If you are a Springfield client please call or email if you need assistance. We will let you know when the new space is completed.

## **How to know if you should be making Estimated Tax Payments:**

**Federal-** Individuals, including sole proprietors, partners, and S corporation shareholders, generally have to make estimated tax payments if they expect to owe tax of \$1,000 or more when their return is filed.

Corporations generally have to make estimated tax payments if they expect to owe tax of \$500 or more when their return is filed.

You may have to pay estimated tax for the current year if your tax was more than zero in the prior year. See the worksheet in [Form 1040-ES, Estimated Tax for Individuals](#) for more details on who must pay estimated tax.

**Massachusetts-** You must make estimated payments if the expected tax due on your taxable income not subject to withholding is more than \$400. Generally, you need to pay at least 80% of your annual income tax liability before you file your return for the year through withholding or by making estimated tax payments on any income not subject to withholding. Farmers and fishermen generally need to pay at least two-thirds (66.67%), rather than 80%.

As a taxpayer, making estimated tax payments ensures that you are able to meet the statutory requirement that taxes due are paid periodically as income is received during the year. Individuals and businesses can make estimated tax payments electronically through [MassTaxConnect](#). It's fast, easy, and secure. In addition, extension, return, and bill payments can also be made.

**Who Does Not Have To Pay Estimated Tax**-If you receive salaries and wages, you can avoid having to pay estimated tax by asking your employer to withhold more tax from your earnings. To do this, file a new [Form W-4](#) with your employer. There is a special line on Form W-4 for you to enter the additional amount you want your employer to withhold.

If you receive a paycheck, the [Tax Withholding Estimator](#) will help you make sure you have the right amount of tax withheld from your paycheck.

You don't have to pay estimated tax for the current year if you **meet all three** of the following conditions.

- You had no tax liability for the prior year
- You were a U.S. citizen or resident alien for the whole year
- Your prior tax year covered a 12-month period

You had no tax liability for the prior year if your total tax was zero or you didn't have to file an income tax return. For additional information on how to figure your estimated tax, refer to [Publication 505, Tax Withholding and Estimated Tax](#).

## **Money from that Summer Job may be Taxable:**

Things to be aware of:

- Anyone with net earnings from self-employment of at least \$400 will have to file.
- If a teen/child owes taxes they need to file their own return, even if filed as dependent of another on their parent's return. You can always bring in your child's W-2 or any other income information if you are uncertain how they need to file.
- If someone received more than \$600 for goods and services sold through a 3rd party, this may generate a 1099-K and will need to be reported on their tax return.

Remember to:

- Keep accurate financial records
- Pay estimated taxes if its required
- File the return properly

## **Why does the IRS perform Audits?**

The IRS examines or audits tax returns to verify that what the taxpayer reported is correct.

- IRS employees conducting audits may call taxpayers, but not without having first attempted to notify them by mail. After mailing an official notification of an audit, an auditor/tax examiner may call to discuss items pertaining to the audit.
- IRS employees may visit the taxpayer's home or business without notification to the taxpayer if attempts to communicate with the taxpayer in other ways, such as letters or phone calls, are not successful.
- An audit will include an interview with the taxpayer or his/her power of attorney, if one is appointed, and often include a tour of the taxpayer's business operation.
- Third party contacts – if while examining a taxpayer's return, the IRS needs information from someone else, they will issue a letter to the third party requesting the information.

IF YOU ARE INTERESTED IN LEARNING MORE, CONTACT OUR OFFICE TO SCHEDULE A  
TELEPHONE CALL OR MEETING. WE ARE HERE TO HELP YOU.

**TAXLandonline.com - 413-782-8292**