

MESSAGE from the PRESIDENT

Dear Members,

TAX SEASON IS AGAIN UNDERWAY AND PRESENTING MANY OF THE SAME CHALLENGES AS LAST SEASON.

Personally, I have noticed clients in better spirits overall and by now, most are understanding and have adapted to the new office procedures many of us have had to implement. I hope you are finding the same and provides a bit of relief as the season progresses.



While tax season is underway, our chapter board is still busy planning and organizing 2022's educational events. Once an event is confirmed, we will keep you informed via our website, FaceBook, Chapter News, and other email communications.

Some of you may have noticed our new on-demand recorded offerings made available for the recent **NJ Famous State Tax Seminar Webinar** and **NJ Taxation of Retirement Income Webinar**. When it comes to on-demand offerings, I would like to share a few things. First, we can never promise those will be available to you. Speakers may have restrictions on use of their content, technology could fail, and per National NATP's guidelines, we cannot provide any type of online education focused on Federal Topics. In addition, CE and CPE will not be available for any on-demand offerings due to CE provider requirements and limitations we face with the webinar platform that National NATP makes available to our Chapter. Lastly, with on-demand recordings, all materials and handouts made available during the live presentation will be available for download, but the presenters on camera during the live presentation are not seen during the recording. We will make education available on-demand whenever possible. With all of that said, we strongly encourage you view these as a backup option if you are unable to attend the live seminar or webinar, rather than thinking of them as an alternative for the time being.

I joined the NJ Chapter board in 2015 and the experience has truly changed me both as a person and as a professional. I never considered myself a leader and used to always say, "I'm the work horse you want on your team. I will get things done, but you have to show me the way." That has certainly changed for the better. My various roles on the board have led me to leave my comfort zone and help me learn valuable leadership and people skills that I've applied in my office and even at home with my family and children. My confidence in front of colleagues, clients, and friends alike has grown dramatically. That is on top of all the additional education, networking, and friendships I've made along the way. All the while, giving back to my profession and helping others, which provides another level of satisfaction. This is my way of encouraging you to consider getting involved with our chapter or joining the board. We can all say we are too busy, maybe next year, or what would I have to offer, but I decided to make the time, even though I didn't feel I had it to offer, and it has been such a rewarding experience that I'm truly grateful for. If you have any interest, I know any of our board members, including my self would be happy to discuss with you.

Good luck with the rest of the tax season!

Joshua C. Melum, EA

Josh has been a member of NATP since 2012 and is the owner of JCM Tax Service, located in Cream Ridge, NJ. He received his EA designation in 2014 and joined the NJ Board of Directors in 2015. When not working, Josh will be found spending time with his wife and three children, Charlotte, Mason, and Freya. He can be reached at josh@jcmtaxservice.com.

save the DATE

MULTILOCATION SEMINARS

JUNE 2, JUNE 9, JUNE 16

NATP ANNUAL CONFERENCE

JULY 24-28, 2022
Caesar's Palace, Las Vegas

NATP TAX FORUM

SEPTEMBER 29-30
Harrah's, Atlantic City

NJNATP ANNUAL CONFERENCE

OCTOBER 27
Topics and speaker to be announced

PRACTICE MANAGEMENT

DECEMBER 1 • 1/2 DAY

Possible webinars- to be announced

TABLE OF CONTENTS

- Message from the President
- Save the Date
- From the Editor
- NJ Tax Tip of the Quarter Spring 2022
- My 5 Priorities
- Pension Exclusion
- What's Your Gig?
- The Twelve Days of Tax Season
- PTR Booklets Are On Their Way
- Something to Ponder
- State Chapter Person of the Year!!
- We Need You and There Are Benefits!
- Please let Us Know - We Want to Recognize You
- Did You Know?

From the Editor

BY JEAN MILLERCHIP, EA



WE BEGIN ANOTHER COVID CHALLENGED TAX SEASON! Who could have imagined that we would still be saying this, but I guess we need to resign ourselves that COVID, in one form or another, is going to be with us. A lot of questions have been circulating as to our methods of running our offices this year, with various hybrid ideas being tried. My office is in my home, so my methods have not drastically changed: I accept mailed information; as well as electronic or drop offs. As a result, a lot of time is spent on the phone with clients, with questions, discussion and pertinent advice.

NJNATP has made sure that education was being offered regardless, with a number of webinars, including the **Famous NJ State Seminar. Our Annual Conference** was held live in Atlantic City in October. Future events are being planned by the Board and will be published in each newsletter, as well as on the Facebook page, the NJ website and through e-blasts. A new event for 2022 is being planned as a multilocation event- the same topic being taught in 3 locations. Details will be finalized soon!

The NJ Chapter is very pleased to welcome a new member to the Board of Directors: **John Seramba**, who is a CPA from Flemington, was elected at the Annual Meeting in October, and has been present at our Zoom Board meetings, participating in the discussions. The Chapter is actively looking for new Board members. Please see the article in this newsletter about running for the Board. **Marilyn Ayers** is the Nomination Chair this year and looks forward to hearing from you.

The next newsletter is scheduled for sometime in May, and I will be hoping to hear from some of you with articles about how you coped with the difficulties of tax season. The matching of the third EIP, as well as the ACTC promise to be challenging! Will the clients insist they did not receive Letter# 6475, which was mailed out beginning January, 2022 or letter # 6419, which was mailed starting December, 2021? Will they need to set up **ID.me** to access the records? *Sounds like a fun season!*

My hope is that all of you have a successful tax season. Remember NATP is always there for you – and during tax season the research department is invaluable. Stay safe, so we can look forward to meeting in person for future events. And, as I always say – *make sure you take some time for yourself.* My walks on the beach and the boardwalk are a calming influence.

Until next time.....

Jean Millerchip, EA has been in the tax business since 1976, and is in private practice in Lavallette, New Jersey. She earned her EA license in 1985. Jean has been a member of NATP since 1988, and served on the NJ Board of Directors from 1991 until 2009, in various positions, including Treasurer, Secretary, Vice President and President. In 2008, Jean was elected to the National Board of Directors, and served a full 9 year term, during which she served as the National Vice president for 5 years and the National President for 2 years.

Jean can be reached at jean.millerchip@gmail.com.

NJ TAX TIP OF THE QUARTER

SPRING, 2022

BY MARILYN H. AYERS, CPA



TAX SEASON 2022 WILL BEGIN ON TIME THIS YEAR! Per IRS, electronic filing will begin January 24, 2022, the earliest start to the season in quite some time! Let us all hope that this season will be easier than the last two and we all stay healthy!

During our “**Famous**” **New Jersey State Tax Seminar** held on Saturday, January 8, 2022, we learned that there are quite a few updates on the New Jersey side for the 2021 filing season. Here is a list of some of those changes:

EFFECTIVE FOR TAX YEAR 2021, Combat Pay is exempt from New Jersey Income Tax.

THE NJ CHILD AND DEPENDENT CARE CREDIT was changed for tax year 2021. It is now a refundable credit and the taxable income limit increased. Other qualifications remain the same. It is a credit based on the percentage of the federal credit only.

THE PENSION EXCLUSION INCOME LIMITS were increased for tax year 2021 from \$100,000 to \$150,000. The age and disability qualifications remain the same. It is phased out between \$100,000 and \$125,000 at 50% and 25% over \$125,000.

THE 2021 NJ EARNED INCOME TAX CREDIT is 40% of the Federal EITC. It is expanded to 18 years and older with no age limit.

THE 2021 BUDGET PASSED LAST SUMMER included an up to \$500 Middle Class rebate to families. That rebate was for those with dependent children whose income was below certain limits. It was a payment made directly by the State of New Jersey limited to tax liability. It does not need to be reconciled on the federal or NJ 2021 tax return unless the taxpayer itemized in 2020. A 1099-G form should include that amount. However, if taxpayers are entitled to that rebate and did not receive the rebate, contact New Jersey.

THERE ARE NEW INCOME TAX DEDUCTIONS for tax year 2022 including a deduction for contributions to NJ BEST 529 College Savings Plans, interest paid on NJ Class Program student loans and in-state tuition payments. Stay tuned for more details this summer when the budget is passed.

DON'T FORGET ABOUT THE EMPLOYER ELECTRONIC FILING MANDATE of all NJ W-2 and 1099 forms.

DON'T FORGET TO MAKE YOUR NJ BAIT ELECTION for 2021 timely. The latest date is March 15, 2022.

LAST BUT MOST IMPORTANT! NJ has changed it's website from njtaxation.org to nj.gov/taxation

Have a great tax season, as our friend **Kathryn Keane** from NY reminded us, *stay healthy.* Put yourself first so you can help others! Just like the flight attendants tell us, put the oxygen mask on yourself first so you can help those around you!

Marilyn graduated from Rider University in June 1978 with a degree of Bachelor of Science in Accounting and earned her CPA license in 1990. Marilyn's practice, established in 1988, provides tax and accounting services to approximately 900 individual clients and businesses, where service is the number one priority. Marilyn has been a member of NATP since 2000 and served on the New Jersey Board of Directors from 2004 through 2016, including secretary, vice president and past president of the New Jersey Chapter. Marilyn is also a member of the AICPA and the New Jersey Society of CPAs.



WE'VE ALL READ ARTICLES ON BALANCING YOUR BUSINESS AND PERSONAL LIFE. AND MOST OF US WILL RECONCILE THIS WITH THE THOUGHT THAT NOBODY UNDERSTANDS HOW BUSY WE FINANCIAL PROFESSIONALS ARE AND THAT THE WORK IS TOO IMPORTANT TO NOT GET DONE AS SOON AS POSSIBLE.

ON THE OTHER HAND, tax preparers are cousins to bartenders. We listen to many different clients, and they all have their own stories and issues. And of course, because we are in the business of helping people, we try to help our clients work thru their business and personal issues and sometimes deliver the strong shot of reality that they need to help themselves.

I had a serious injury a few years ago. All I cared about was getting back to the office. During a checkup, I told the doctor that I needed to get back to work so I can take care of my family. The doctor knew me well and knew that comforting thoughts were not going to impact me so he went to that strong shot of reality. He handed me a mirror, and said to me, "Look in the mirror and ask yourself a question. If you rush your recovery, who will be taking care of your family when you cannot take care of yourself?"

I wanted to snap back with an answer but could not. I had just taken a big shot of medicine, and I didn't like the taste at all. The dose of reality hit me really hard, and I was brought to tears for a moment. I went home after the visit and sat in my chair still thinking about what just happened to me. I knew that I needed an attitude change.

Some time has passed since that day but I remember taking that medicine like it was yesterday, and I do not want to take it ever again. Over the years, I've come up with **five priorities** to help me through tax season. With the help of family and friends, I feel I'm in a better position and would like to share them with you in hopes they help you as well.

1 FAMILY FIRST. Think of your family as you would a garden. If you do not spend enough time nurturing it, it will wither. Be supportive and let people know that you care. The old rule of having two ears and one mouth, so listen twice as much as you speak, is a hard one but can produce good times and a better understanding with the people you care the most for.

2 SPEND SOME TIME IN THOUGHT EACH DAY. This one is a game changer. I still get to the office on time but do not take my first call for at least 30 minutes. This gives me time to have a few sips of coffee, answer a few

emails and just relax before the pressures of the day begin. I now start my day more refreshed and clearer minded because I took a few minutes for me.

3 IT'S OKAY TO TAKE BREAKS. This started when our staff saw that I was going from morning to night without taking a break. They knew I wouldn't agree, so on their own, they started blocking two breaks a day for me. Low and behold, my energy level at the end of the day had gone up and my attitude got better. I didn't realize that taking a step back occasionally, can produce the results it does.

4 DON'T BE AFRAID TO ASK FOR HELP. We are all lucky to be members of NATP. Our Facebook pages on the federal level and especially our NJ page, give me the assurance that there are others usually in the same situation, and practitioners who are willing to help me out. And the friendships I've made by attending NATP events has given me resources I thought I would never have. The confidence that this brings each of us, is immeasurable.

5 RECHARGE THE BATTERIES. I used to work until 10 or 11 o'clock each night. And after a week or two of that, I felt very lethargic and not very inspired. I now finish up by 8pm and am home by 9pm. We all know that not much good happens after midnight. Well, not much good happens after 9pm in a tax office either. By then, we've slowed down, are more prone to making mistakes and are thinking about everything else except taxes. By getting home by 9pm, I can relax a little bit before bed and start my five priorities all over again by spending some time with my family.

I hope that you may find a sentence or two that may help you this tax season. I wish you and your families a year filled with good health, good friends, and much love.

Many Happy Returns.

Thomas Watkins, EA, ABA is the owner of Eagle Financial and Accounting, LLC, in Oakland, NJ. He has been a financial advisor and tax professional for 30 years. Thomas is a former President and Vice President of the NJ Chapter of NATP. He was also honored as the NATP National Chapter Person of the Year at the NATP National Conference in Anaheim, CA in 2018. He has served as a trustee of his town's library for 15 years and is the current president. He is also a Rotarian. Tom resides in Passaic County with his wife of 30 years and their 2 sons.



Pension Exclusion

Maximum Pension Exclusion

Filing Status:	Income on line 27 (Total Income):		
	\$0 - \$100,000	\$100,000 - \$125,000	\$125,000 - \$150,000
MFJ	\$100,000	50% of line 20a	25% of line 20a
Single/HOH/QW	\$75,000	37.5% of line 20a	18.75% of line 20a
MFS	\$50,000	25% of line 20a	12.5% of line 20a

WHAT'S YOUR GIG?

BY JOE WISNIEWSKI, CPA

MANY OF US HAVE AT LEAST HEARD OF GIG WORKERS OR A GIG ECONOMY Economy as a labor market based on flexibility, temporary, or freelance jobs where an individual earns income by providing on-demand work, services, or goods.

The term goes back to when the part-time/weekend artists and performers had a gig which generated income for them. While the list is not all inclusive, the IRS lays out the following for us: Gig work is certain activity you do to earn income, often through an app or website (digital platform), like:

- Drive a car for booked rides or deliveries
- Rent out property or part of it
- Run errands or complete tasks
- Sell goods online
- Rent equipment
- Provide creative or professional services
- Provide other temporary, on-demand or freelance work

So why is this such a hot issue with the internal revenue service? For starters, the number of individuals generating income from gigs, has increased significantly over the past 5-10 years and the IRS believes there is significant noncompliance when reporting this source of income. Also, taxpayers sometimes either don't realize this is taxable income or

don't think they earn enough to have to report it. Let's face it, if one of our client's is an uber driver for 5 hours every other Saturday, or sells buys and sells on eBay occasionally, do they always tell us (even if we ask)?

The IRS has stepped up their efforts to address the noncompliance. The biggest change will be starting with tax year 2022, **Third Party Settlement Organizations** (E-Bay; Uber; Etsy etc.) will be required to report payments to taxpayers once the total is \$600 or more. For tax year 2021 and prior the threshold was \$20,000 or 200 transactions. It is anticipated this will force more taxpayers to report the income (or wait for a CP2000 letter). Awareness of the requirements for reporting will also be increased. The IRS website [IRS.gov/gig](https://www.irs.gov/gig) contains a wealth of information and **Publication 5369 Gig Economy**, and **Your Taxes** provides has more detailed examples.

What is our role as tax preparers? Our role should be no different than what we always should be doing. Ask probing questions; learn the details of income and expenses impacting our clients; and explain to them the tax implications and tax payment and reporting requirements.

While gig income can be earned as an employee, typically it is self-employment income and reported on **Schedule C** (schedule E for rental activity). The best and age-old advice we need to give our clients is keep good records. Even without a **1099-K** or **1099-NEC**, all income must be reported. All deductible expenses should be taken too. That's where we continue to provide value and, in the long run, help keep our clients in compliance, along with balance in the world.

THE TWELVE DAYS OF TAX SEASON

BY ROBERT D. FLACH



ON THE FIRST DAY OF TAX SEASON MY CLIENT GAVE TO ME a Letter 6475 to report the Economic Stimulus Payment (with incorrect information).

ON THE SECOND DAY of tax season my client gave to me 2 year-end brokerage statements.

ON THE THIRD DAY of tax season my client gave to me 3 mortgage statements (without, of course, any analysis of how much of the mortgage interest reported represents interest on acquisition debt).

ON THE FOURTH DAY of tax season my client gave to me 4 W-2s.

ON THE FIFTH DAY of tax season my client gave to me 5 Salvation Army receipts.

ON THE SIXTH DAY of tax season my client gave to me 6 1099-DIVs.

ON THE SEVENTH DAY of tax season my client gave to me 7 cancelled checks.

ON THE EIGHTH DAY of tax season my client gave to me 8 useless items.

ON THE NINTH DAY of tax season my client gave to me 9 medical bills.

ON THE TENTH DAY of tax season my client gave to me 10 stock sale confirms.

ON THE ELEVENTH DAY of tax season my client gave to me 11 employee business expenses (despite being no longer deductible).

ON THE TWELFTH DAY of tax season my client got from me a finished tax return, 11 employee business expenses, 10 stock sale confirms, 9 medical bills, 8 useless items, 7 cancelled checks, 6 1099-DIVs, 5 Salvation Army receipts, 4 W-2s, 3 mortgage statements, 2 year-end brokerage reports, and a Letter 6475 to report the Economic Stimulus Payment (with incorrect information).

And, of course, ON THE THIRTEENTH DAY of tax season my client gave to me a corrected Consolidated 1099 from Wells Fargo Advisors!

ON THE 300TH DAY of tax season the client finally got his refund.

**PTR
BOOKLETS
ARE ON
THEIR WAY**

ACCORDING TO INFORMATION WE RECEIVED ON JANUARY 8, 2022 AT THE FAMOUS NJ STATE TAX SEMINAR, THE STATE OF NJ WILL BEGIN MAILING THE PTR-1 AND PTR-2 BOOKLETS IN FEBRUARY, 2022.

- THE INCOME LIMITATION FOR 2021 IS: \$ 94,178
- FILING DEADLINE IF OCTOBER 31, 2022
- FOR EARLIER FILERS, CHECKS WILL BEGIN COMING OUT JULY 15, 2022.

something to PONDER

Again, the Letter #6419 – which was supposed to be sent out between December, 2021 and January, 2022- regarding the amounts received for the **Advanced Child Tax Credit (ACTC)**.

You may have already experienced or are anticipating this scenario: The client receives the letter which gives the amount received in 2021 for ACTC; the client then checks their bank records and finds that the amount stated in the letter, and the amount actually received are different. The letter gives a phone number to call if there is a discrepancy- the client calls and is told that the letter is wrong, and the information that the client has is accurate! The IRS is aware of the issue, but..... *what happens next?*

Are corrected letters being sent? What happens when the client's return is filed using the correct amount received for ACTC? Which number is going to be used – the amount from the letter received or the actual amount received? How many returns will this impact, and how long will the processing take?

Think about how many of your clients could be in this situation.
How much fun is this tax season going to be!

.....

We Need YOU and there are **BENEFITS!**

IF YOU WOULD LIKE TO IMPROVE YOUR EDUCATION, SHARE YOUR THOUGHTS, AND HELP OTHERS, THE NEW JERSEY BOARD OF DIRECTORS IS LOOKING FOR YOU.

We all have our own thoughts and suggestions, and in a business that allows us not only to listen to people, but also help them with our guidance.

The NJ Chapter of NATP is looking for new board members that can help us navigate the new and evolving business world in which we live. We all have our own ideas on how to improve our businesses, but new ideas are always welcome. We need your input as to how to help and improve the NJ Chapter of NATP.

Please think seriously about taking the step to join a group of Board members who truly strive to provide our members high quality education and award winning service year after year. Our Nominations Chairperson, Marilyn Ayers, CPA, is available to provide further information and answer any of your questions.

MARILYN'S CONTACT INFORMATION IS:

email address: marilyn@mhacpanj.com
Phone: 732-477-2281

Joining the Board is truly a most rewarding experience. Helping others further their businesses, as well as improving your own knowledge, is very fulfilling.

STATE CHAPTER

PERSON OF THE YEAR!!

BY COLETTE TAYLOR, EA

EACH YEAR, the NJ Board of Directors recognizes a member from the NJ general membership, who has made outstanding contributions to the NJ Chapter. This year the **NJ Chapter Board of Directors** nominated one of their own members.

Julia Robinson joined the board in the 1996-1997 year. She has chaired many seminars, held chairmanship of almost every committee, won National NATP awards and held the offices of Secretary, Vice-President and Treasurer.



In addition to all those services, Julie is the one who keeps us informed. All of the notices you read in the Chapter News and emails to us all about the Chapter's achievements, activities and education come through Julie. She has taken on this responsibility since 2017, and, as always with her true dedication to the Chapter and NATP. This takes time from her professional tax practice and has helped make us such a successful group.

We, the NJ Chapter Board of Directors, are so grateful for her work on behalf of the Chapter. We presented the award for 2021 at the Famous NJ State Tax Seminar that was offered virtually on Saturday, January 8, 2022. I'm so sorry we couldn't give this award in person!

Thank you, Julie!

PLEASE LET US KNOW We Want to Recognize You...

BY JULIA ROBINSON

ATTENTION ALL NJNATP MEMBERS.

If you receive an award during 2022 for anything, tax related, charitable work, assisting with disaster relief, or anything else, we want to know about it. NJNATP is all members, not just the members on the Board of Directors. We are interested in all your good works. As the Board of Directors Communication Chairperson, please contact me at Julia@mhacpanj.com and let me know. We want to spread the word that NJNATP Members are out there doing good for our communities. We are very proud of all our members and want to let everyone know.

DID YOU **know?**

-  New Jersey has 50+ resort cities & towns; some of the nation's most famous: Asbury Park, Wildwood, Atlantic City, Seaside Heights, Cape May.
-  Several important Revolutionary War battles were fought on New Jersey soil, led by General George Washington.
-  The game Monopoly, played all over the world, named the streets on its playing board after the actual streets in Atlantic City. And, Atlantic City has the longest boardwalk in the world, not to mention salt water taffy. (Now made in Pennsylvania).
-  New Jersey has the tallest water-tower in the world. (Union, NJ!!!)
-  New Jersey has the most stringent testing along its coastline for water quality control than any other seaboard state in the entire country.
-  New Jersey has more race horses than Kentucky.
-  New Jersey has the most diners in the world and is sometimes referred to as the "Diner Capital of the World."
-  Here's to New Jersey - the toast of the country! In 1642, the first brewery in America, opened in Hoboken.

important REMINDERS

Our Chapter has its own website where you can find information on the New Jersey Chapter such as Chapter Announcements, upcoming seminars and helpful resources such as prior newsletters, state links and much more.

Our Chapter also has its own closed Facebook group where members can throw out questions and share information on events and other information that is helpful in our tax preparation field. Join now if you haven't done so already. You can find us as NJ NATP on Facebook.

Website: www.njnatp.com

or Call: **908.752.0707**

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