

If you've been watching the news, you may know that the House has passed new tax legislation. Some of the changes are retroactive back to 2023. Based on reasonably reliable news reports, it is unlikely that the Senate will pass its version of the bill until much later this month or even in March (because they're starting a two-week recess on 02/12/2024).

Who is Impacted?

The changes affect mostly business returns and individual returns for extremely low-income taxpayers with children. Rest assured that I am watching the legislation on your behalf as it moves through Congress. I am paying special attention to changes that could affect you and/or your small businesses and rental properties.

Should the law pass, that would mean that there has been only one filing season (2023) in the last five (2020-2024) where tax law changes and other issues have not affected the filing season. Non-stop and often retroactive tax law changes are one of the main reasons return preparation prices are going up and it is getting harder to find a tax professional. Many tax professionals are choosing to leave the profession rather than cope with constant changes to their personal and business plans.

The Consequence of Change

Any time Congress changes the tax law, I must review each of your returns to determine which of the changes (if any) affect the return. If the law changes mid-season, I must run scenarios to determine the best course of action before e-filing your returns: file now because there are no changes, file now and let the IRS automatically adjust the return (and then deal with potential notices or other issues), wait to file, etc. Unfortunately for everyone, this adds quite a bit of additional time to return preparation (even for seemingly straightforward returns), compresses the regular filing season into only a few weeks (instead of approximately 10), and often creates additional work later in the year (notice handling, reviewing adjusted returns, responding to incorrect adjustment notices, filing amended returns, etc.).

What Does This Mean?

Congress creating a large amount of additional, largely unanticipated work that fills summer and fall affects my ability to take on new clients, which in turn affects the prices I must charge to replace that lost income. Consequently, I will be implementing a price increase at this time. I understand that most of you do not always understand outside factors that affect our firm. I wanted to be transparent with you about what affects the price you pay for return preparation, tax planning, and accounting. Thank you for your continued business and trust.