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Important Dates & Deadlines to Note

April 18, 2023

- Individual income tax returns for 2022 are due. Signed e-file authorization forms are due by noon on April 17th
- First quarter 2023 estimated tax payments are due

Tax Quiz - The Very First Form 1040

While Lincoln introduced the country to income tax to fund the Civil War, the modern 1040 individual income tax form was introduced in 1913. Here's a short quiz to see how well you know what was included on this very first tax form. Enjoy!

- ❖ **What was the due date of the initial 1040 tax form?**
March 1, 1914. The first year Americans were required to report their income was 1913, with the tax return due March 1, 1914. Failure to file on time could lead to a fine of between \$20 and \$1,000. A 30-day extension could be granted by the tax collector because of sickness or absence. Today we have an additional 45 days to file our tax return (March 1 to April 15) and can file for a six-month extension.
- ❖ **What tax rate was applied to most incomes on this first Form 1040?**
The tax rate applied to most 1913 tax returns was 1%.
- ❖ **If you had taxable income that exceeded \$50,000, you became subject to the Super Tax. What was the rate on these earnings?**
6%. The maximum tax rate of 6% applied to taxable income that exceeded \$500,000. The 1913 tax brackets were 1%, 2%, 3%, 4%, 5% and 6%, compared to our current tax brackets of 10%, 12%, 22%, 24%, 32%, 35%, and 37%.
- ❖ **Was a marriage penalty built into the original Form 1040?**

Yes. If single, your exemption amount was \$3,000. If you lived with your spouse, your exemption amount was only \$4,000. If you and your spouse worked (a rare event in 1913), you could divide the \$4,000 exemption any way you wanted to minimize your taxes.

- ❖ **Name items that weren't taxed on the original Form 1040 but are taxed on today's form.**

The most common untaxed items were dividends and net earnings from corporations. The double taxation of corporate earnings we experience today started in 1954.

- ❖ **True or False: All the original tax returns required a signed affidavit before an authorized officer of the government before being filed.**

True. All properly-filed tax returns required affidavits made before an officer authorized by law to administer an oath of accuracy. This could be a justice of the peace, a magistrate, or a certificate from a court clerk. Mailing in your tax return was not an option.

Help Older Adults Stand Up Against Scams

While anyone can become a scam victim, fraudsters usually turn to one demographic above all others: older adults. Here's a look at some of the more common scams that target older adults, along with some ideas to help stand up against these would-be thieves.

The Top Scams That Target Older Adults

According to the National Council on Aging, here are the most common financial scams that target older adults:

- **Government impersonation scams.** Scammers will call and pretend to be from the IRS, Social Security Administration, or Medicare. The scammer may say the victim has unpaid taxes and threaten arrest or deportation if they don't immediately pay up or threaten to cut off Social Security or Medicare benefits if they don't provide personal identification. Once this information is obtained, it can be used to commit identity theft.
- **Sweepstakes scam.** The victim receives a call or message saying they've won a sweepstakes contest or lottery prize. As a condition of winning, victims are required to send money up front to cover tax and processing fees.
- **Phone scams.** Scammers will call the victim and say, "Can you hear me?" When the victim responds "Yes," the scammer records their voice and hangs up. The scammer now has a voice signature to authorize charges on items like stolen credit cards.
- **Computer tech support scams.** These scams target a lack of knowledge about computers and technology. A scammer may proactively reach out to a potential victim by communicating via a pop-up window that says the victim's computer or phone is damaged and needs to be fixed. When the victim calls the support number for help, the scammer may request remote access to their computer or phone, and demand a fee to repair it.

- **The grandparent scam.** Scammers will call a would-be grandparent, try to build rapport by pretending to be the victim's grandchild, and eventually asks the victim for money to help with an urgent financial problem.
- **Romance scams.** A scammer will build a relationship with the victim via social media or an online dating website before asking for a large sum of money. The Federal Trade Commission reported that losses to romance schemes reached a record \$304 million in 2020, up 50% from 2019.

How You Can Help

If you know someone who could be a target, consider establishing regular get-togethers so you can inform them of these activities, ask if they have any financial (or non-financial) questions, and find out if they received any suspicious communication that may be a scam.

If you think someone has been scammed, suggest to them the following steps to report the theft:

- Call banks and credit card companies
- Reset account passwords
- Call the police to report stolen property
- Report the scam to the U.S. Senate Special Committee on Aging
- Report to the U.S. Justice Department's National Elder Fraud Hotline
- Submit a consumer complaint to the Federal Trade Commission

Tax Day...April 18th?

For the second year in a row, the traditional April 15th Federal Tax filing due date is being moved for a local holiday observance. Here's what you need to know about Emancipation Day and how it affects the traditional tax filing deadline.

Background

President Abraham Lincoln signed the Compensated Emancipation Act on April 16, 1862, freeing more than 3,000 slaves in the District of Columbia. In 2005, April 16th started being observed as a legal holiday in the District of Columbia honoring Emancipation Day. (The 13th Amendment officially ended slavery throughout the United States when it was ratified on December 6, 1865.)

Other states observe Emancipation Day on different dates:

- Virginia - April 3rd
- Mississippi - May 8th
- Florida - May 20th
- Georgia - Saturday closest to May 29th
- Texas - June 19th
- Kentucky and Tennessee - August 8th
- Maryland - November 1st

Current Situation

This year's April 15th tax filing deadline falls on a Saturday, which would normally push this deadline to the next business day, which is Monday, April 17.

But Emancipation Day also falls on a weekend in 2023, making Monday, April 17 the observed holiday in Washington D.C. Because the observed Emancipation Day holiday falls on the same day as this year's normal tax filing deadline of April 17th, the IRS is required by law to move the tax filing due date to the next business day, which is Tuesday, April 18th. Most states have also changed their traditional filing due date of April 15th to match the federal date change. Confused? You're not alone. In 2005, the IRS forgot to accommodate for this Washington D.C. holiday despite being legally required to move the filing date. The good news is you can avoid the need to understand all these changing dates by filing your return as soon as possible, and not waiting until the last minute!

Dropping Off Tax Documents on a Saturday?

If you plan to drop off your tax documents on a Saturday, here's what you need to know:

1. Put your documents into a sealed envelope
2. Check in at the security desk for assistance with the elevator
3. Deposit your envelope into the secure mailbox to the right of our suite entrance
4. We will confirm receipt on the next business day.

What about Sundays? The building access is more restrictive on Sundays, therefore, please do not attempt delivery on Sundays

Five Small Business Insurance Review Tips

Changes in your business equipment, real estate holdings, the amount of inventory, and the number of employees are all good reasons to review your business's insurance in addition to your annual review. Here are a few tips to keep in mind:

- ✓ **Keep in regular contact with your insurance company and your agent.** Keep your insurance agent apprised of what you are doing in your business. Try to check in with your agent throughout the year, and conduct a detailed annual review of your insurance needs. Also do the same thing with your policy company. One of the often-overlooked benefits of a good agent is their knowledge of various insurance companies and not just the one currently insuring your business.
- ✓ **Understand how business changes affect your policy.** Figure out how your policy covers the changes you are seeing or anticipating in your business. This involves understanding the limits and terms of your policy. You can start by asking if you're properly insured for property damage, liability coverage, health and disability, and changes in asset values.
- ✓ **Conduct a competitive review.** Periodically conduct a competitive review of your insurance needs. Bring in at least two other insurance providers, as well as your current provider. The frequency of the review will be driven by changes in your business, the stability of your current insurance provider, and the need to understand the evolving landscape of business liabilities. A review will keep your premiums competitive, as well as help you learn about coverage gaps in your current policy.

- ✓ **Identify evolving coverage risks.** As the business climate evolves, so should your insurance coverage. Think about what's on the horizon. Legal trolls are active in areas like product packaging, use of images, and ADA requirements. And who would have anticipated the need to cover cyber-attacks 10 years ago?
- ✓ **Review safety plans and company policies.** This goes hand-in-hand with a business insurance review. Make sure your team is adhering to established employment and operations policies. Getting an insurance claim paid and maintaining reasonable premiums often depend on specific policies being in force prior to putting your policy in place.

Finding the right level of coverage for the right price is possible, but it takes some preparation and planning. Invest some time now to review your insurance policies to save a lot of potential pain and money down the road.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

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