

COMMON ACCOUNTING QUESTIONS
INDIVIDUALS



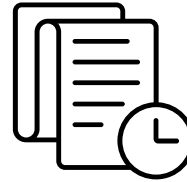
CPA GROUP
OF THE ROCKIES

Getting ready for tax season and filing your taxes? Or, simply curious about some aspects of the tax code? Take a look below at some common questions business owners have.

What records do I need to keep?

There are several records you should keep:

- 1 | Purchase documents for your home
- 2 | Investment documents for any investments you still own
- 3 | Prior year's tax returns (we keep them too, but you should also keep a copy!)
- 4 | The documents used to prepare your tax returns (including W-2s, 1099s, K-1s, etc.)



How long should I keep my tax documents?

Tax records should be kept three years from the date the return was due or two years from the date you filed your return (whichever is later). If you are claiming any losses on your tax return (whether it's business losses, capital losses, or bad debts), you should keep your documents for seven years. See our other article titled, ***How Long Should You Keep Tax Returns & Records***, for a deeper dive into the specifics.

I'm thinking about starting a business. What's the minimum I need to do?



The first thing you should do is give us a call to discuss your new venture. Your company structure, state registration requirements, and accounting needs will vary depending on what type of business you plan on diving into and your long-term goals.



At a minimum, however, you should establish a separate bank account for your business and get an employer identification number (EIN) for your new company. These are all things we regularly advise our clients on, so please reach out to us to ensure everything is completed accurately and timely.

Help! I'm now in a new tax bracket. Am I going to face a big tax burden?

Moving into the next tax bracket means that you're making more money (and is a good problem to have!). When you move into the next tax bracket, you only pay the higher rate on the money you earn in that bracket.

So, for example, if you're a single filer who now makes \$100,000, you are in the tax bracket that begins at \$95,375 in 2023. You would pay a 24% tax rate on \$4,625 of your income – or the amount that is over that \$95,375 threshold.

How much is my Required Minimum Distribution (RMD)?

If you're over age 73 this year, you'll likely need to take an RMD from your IRA(s). However, there are special circumstances, so please reach out to our team to assist.

To calculate your RMD for the year, you'll need to know the balance of all of your accounts as of December 31st of last year. An age-based factor is then applied to your balance to determine how much you need to distribute. The calculations vary based on your marital status and age.



Where's my refund?

Though we wish I could hurry along your return, we all have to wait for the IRS to process returns and issue refunds.

If you want an update, you can visit our **Resources** page to check on your refund status for your Federal and State returns.

You'll need to have your Social Security number, marital status, and the exact amount of your refund.

Of course, if other questions come up at any time, let our team know. We're here to help in any way we can.