



# HUGHES BUSINESS SERVICES...

## Taxpayer News & Times-

*"The Company with the GoldStandards..."*

**WARNING:** Don't even think of responding to an IRS notice without contacting us... If you get a Federal or State tax notices in the mail drop it by our office!

July, 2022  
August, GA

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### NEED HELP!

Whether you're thinking of investing, need accounting, bookkeeping or payroll assistance, have an IRS problem, or just have tax questions, we'd love to be there for you, call our office at:  
**(706) 771-1077!**

## HOW DO YOU BUY THE HOUSE YOU REALLY WANT!

Mortgage rates reached record lows in early 2021 and have stayed low by historical standards for some time now, even though prices have been fluctuating recently. Yet many buyers are frustrated because strong demand in the marketplace keeps pushing home prices even higher. Experts are expecting interest rates to continue to rise with inflation and a recession looming. Home prices inevitable go up all the time! But as mortgage rates are still relatively low and financing is readily available, now maybe the time to try and purchase the home of your dreams.

But remember the number of houses for sale is also still low. In some areas home prices may have hit a plateau so check with a realtor in your area to gage the market. If now the right time for you to buy then you want to leverage your buying power. *So how do you stand out in the market and buy the house you want?*

One way is with earnest money. This isn't a requirement, but it can give you an advantage. Earnest money is a good faith deposit on a sale. It tells the seller that you are ready to buy their home and you won't walk away. Once the seller accepts your offer, the earnest money can be applied to your down payment. Especially in locations where buying a house is competitive! A substantial deposit of earnest money protects both the buyer and the seller. The seller knows you are serious about buying a home if they are taking the house off the market pending appraisal and inspection. Although be aware you can lose earnest money if you waive contingencies such as inspection or if you do not close on the agreed date. In this case, you could forfeit the deposit. Also, please note, if you just change your mind late in the buying process, the seller can keep the earnest money.

This is a situation where a good agent is crucial. The agent should put everything in writing, detailing timelines and contingencies. The agent will use a reputable third-party real estate broker or legal firm to put your money in escrow. Agents will also outline and clearly explain all contingencies

When earnest money is necessary, the average good faith deposit is between 1 and 3 percent of the purchase price. In some very competitive markets, it can be as high as 10 percent.



### How to Save Big On Taxes When Selling Your Home...

If you're thinking about selling your home soon, call our office to discuss the Capital Gains Tax Exclusion. Capital gains tax is the tax fee tax payers are required to pay on the profit or loss from the sale of an asset. Capital gains apply to securities i.e. stocks/bonds as well as real estate. cars. boats. businesses. etc.

## Word of the Month...

Studies have shown your income and wealth are directly related to the size and depth of your vocabulary. Here is this month's word, so you can impress your friends (and maybe even fatten your wallet!)...

**Cantankerous** - (a) angry and annoyed, difficult or irritating to deal with. *Sentence Use: Several sportswriters cited the coach's cantankerous personality as a reason for the team's poor performance and lack of motivation.*

## Consumer Tip

As silly as it seems, in today's world of digital euphoria, sometimes it's the basics we forget at home. For example, do you have a good, well-stocked First Aid kit in your home? When was the last time you checked it? Do that now, because you never know!

## A Stupid Joke

What did the picture do to get arrested?

*Nothing, it was framed.*

## Quotes To Live By...

*"Truth is proper and beautiful in all times and in all places."*

**-Frederick Douglass**

*The journey of a thousand miles begins with one step.*

**- Lao Tzu**

*"We think we know how everything works, and if we don't know, Google will tell us. But magic happens when done correctly, allows you to connect with a person and show them something impossible they can't explain. It's a powerful thing."*

**-Darcy Oake**

# Gig Worker? – Stay on Top of Tax Responsibilities

## Yes Earnings from Gig Work can be Taxable

Most people don't realize that Gig Work even if on a part-time basis, or through digital platforms like an app or website can be taxable. It's true! Gig work, such as rideshares (Uber, Lyft) selling goods online (ETSY) renting out property (Cars/Houses) or providing any other work on demand is taxable and must be reported on your tax return. Keep these things in mind if you perform Gig Economy work of any kind in 2022.

- Earnings of \$600 or more from Gig Economy Work is taxable even if a 1099-K information return is not issued.
- If Self Employed, Gig Workers must pay Social Security and Medical taxes on taxable income from the Gig activity.
- Proper Worker Classification for the services performed must be determined. Meaning if the person providing the service provided is an employee or an independent contractor.
- Only some Statutory Employees or Independent contractors may be able to deduct business expenses depending on tax limits.
- Independent Contractor Taxpayers should keep records of all their business expenses including mileage in order to write off the expenses.

## You are a Gig Worker if you do tasks such as (but not limited to):

- Drive a personally owned car for Booked Rides or Delivery
- Rent out property weather house, car etc
- Run Errands or Complete Tasks for Clients
- Sell Goods Online
- Rent Equipment
- Provide Creative Professional Services
- Provide Temporary, On Demand or Freelance Work

## You have a Digital Platform if you (but not limited to):

- Businesses that Match Workers Services or Goods with Customers via Apps or Websites. These Businesses include but are not limited to:
  - Ridesharing Services
  - Delivery Services
  - Crafts and handmade items Marketplaces
  - On-Demand Labor and Repair Services
  - Property and Space Rental Services

If you are a Gig Economy Worker and are unsure if you have to file a tax return on your part-time gig income give our office a call for a free consultation.

**GOT TAX NOTICES, LEINS, OR IRS DEBT - HBS TAX REPRESENTATION EXPERTS CAN HELP**

**CALL (706) 771-1077**

# TAX TIPS 2022

## Brain Teaser...

The person who makes it has no need for it. The person who purchases it does not use it. The person who does use it does not know he or she is. What is it?

(See page 4 for the answer.)

What word begins and ends with an E but sometimes only has one letter?

(See page 4 for the answer.)

## Digital Life Hack Tip

Chances are, your company uses Slack, and it can get a little overwhelming. It's got a great feature, though, to keep you on task. It can pause notifications with Do Not Disturb. Use DND as needed to help you concentrate and even set a DND schedule for routine times you'd prefer not to be notified.

## Consumer Tip

Before all the summer vacation travel kicks in, it's a great time to reach out to your credit card companies and ask for a credit limit increase! It usually only takes a few moments and can help keep your credit score in check.

**AND...**whether you're thinking of investing, need bookkeeping or payroll assistance, have an IRS problem, or just have tax questions, I'd love to hear from you...

## Planning for Tax Season 2023?

It's July and half the year is over but it's not too late to start tax planning for your 2022 taxes. This month we will start the planning process by examining how your income is taxed based on your current tax bracket. The first thing to understand is which tax bracket you fall in from the 10% to the 37% and how that income is taxed. Taxes are not calculated only on the tax bracket your income falls into. It has always been a point of contention that people with higher income taxes are not calculated on only the highest income tax brackets.

Why not because the government lumps your income to correspond with the tax brackets and applies the corresponding brackets tax rate against your lumped income. For example say you made \$658,000 in 2022 the IRS will tax your income as follows: 10% on the first \$10,275 of income; 12% on income between \$10,276 to \$41,775; 22% on income between \$41,776 to \$89,075; 24% on your income between \$89,077 to \$170,050; 32% on your income between \$170,051 to \$215,950; 35% on your income between \$215,951 to \$539,900 then you are taxed on all remaining income above \$539,901 at 37%. This is why we use income tax software to do this complicated calculation!

So in essences that person is taxed on each of the seven income tax brackets. Therefore, understanding how tax brackets work is fundamental to your successful tax planning for next year.

## Here's A Free, Valuable Resource...

Find the latest business news, helpful information AND obtain important tax saving and financial growth tips at [www.hughesbusinessservice.com](http://www.hughesbusinessservice.com)

## Withholding Can Really Hurt You

This year, just like clockwork, we've seen folks who got back to work last year and have gotten caught in a trap of having chosen the wrong withholding amounts. You know the infamous line on the W4 where you choose the number of dependents, and select if you are "single or married" and you silently hope you've done it properly? Well most people normally don't select the right withholding allowance!

Those questions tripped up a lot of people when the new tax bill became law in 2018, and it's had quite a few repercussions this tax season with so many clients having gone to work in new jobs after the economy opened back up. It's a nasty surprise when tax season gets here and you find out you choose incorrectly! Clients that make \$100,000 can't have \$8,000 in tax withholdings and not expect to owe additional taxes if they don't have enough other deductions to offset the lower withholding amount.

With that in mind, we can prepare a W4 Planner to ensure your W4 is properly completed with the withholding amounts that meet your needs. So if you've only now found out you are not having the proper amount of taxes withheld – because you got your W2 and it was wrong - here's some advice: Check your paycheck stub (either paper or online, if you've got direct deposit) to make sure your employer is taking out enough withholding. If you've got a child who has just begun working, I promise, you need to check with them!

Many people, though, are pretty well versed in filling out a W4, but if you've got more than one job, it's often a good idea to sit down and do a little math to determine if your second job is taking out too much. This is usually a good time to reach out to our office, so we can make sure you're not losing money each week, and to ensure you will not owe the IRS an obscene amount of taxes next April!

## Thanks for Thinking of Us!

Did you know we can help you or any of your friends or family save time and money on their taxes? Thanks for keeping us in mind with your referrals...and spreading the word about our HBS *GoldStandard* services:

**Call us at 706-771-1077**

### Brain Teaser Answer:

*A coffin!*

*An Envelope*

### Time Hack

Create a "To-do" list! Are you tired of the overwhelming tasks that seem to occupy ALL your time? Quit the digital lists and manually write them down. The simple act of crossing them off as you accomplish them will give you the added boost you need to power through the rest of them. Remember, the goal is always to make:

- **An extra day each week**
- **An extra week each month**
- **An extra month each year**
- **Or just more time everyday!**

**THANK YOU** for reading our newsletter. We wanted to produce a newsletter that has great content and is fun and valuable to you. Your constructive feedback is always welcome. Contact us with questions or concerns in any of the articles we featured.

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Important Notice: The information contained in this newsletter is intended for informational purposes only. It should not substitute as legal, accounting, investment, medical or other professional services advice. Always seek a competent professional for answers to your specific questions.

# JULY CLIENT FEATURE

In the Area Visit

## Family & Friends Resturant

*Featuring the Best In the City*  
*AMERICAN FOOD*

**GOOGLE Users Rating: 4.7**

**52 Butt Street Suite B**  
**Wadley, GA 30477**  
**(478) 252-5222**

*Follow them on Facebook*

## Legal Corner...*Six Estate Planning Must Have's*

Although most of us feel that estate planning means simply drafting a will or a trust but there is much more that need to be included in your estate planning to ensure your assets are transferred properly. Estate planning documents like healthcare power of attorney, durable powers of attorney, beneficiary designations, letters of intent, and guardianship designations. Remember estate planning is not only for the wealthy. Without a will, a probate court could distribution your assets in a manner that you did not intend. And estate planning is extremely useful if you become incapacitated. So what are some documents your estate planning should include?

- **Wills / Trusts** – A will should be one of the main components of your estate plan. The Will ensures your assets are distributed according to your individual wishes. The will must be drafted according to your State's laws. Trusts can help limit estate taxes or legal challenges.
- **Durable Power of Attorney** – Essentially a document to allow an agent or person you assign to act on your behalf when you cannot do so yourself. Without a power of attorney the court may decide what happens to your assets. This POA gives your agent the power to transact real estate, financial transactions and to make other legal decisions on your behalf.
- **Beneficiary Designations** – Some of your possessions can pass to your heirs without being dictated in a will for example 401K assets or insurance. These plans should contain a beneficiary and a contingency beneficiary.
- **Letter of Intent** – A letter of intent is simply a document left to your executor or beneficiary to outline what you want done with a particular asset after your death or in case you or incapacitated.
- **Healthcare Power of Attorney** – allows another individual to make important healthcare related decisions on your behalf in the event you are incapacitated. This person can be named in a Living Will!
- **Guardianship Designations** – Some wills incorporate this clause if not you should choose a guardian that share your views to ensure your underage children or handicapped dependents are properly cared for.

Contact our office if you are interested in developing a will or other estate planning documents at 706-771-1077.