

“THE NEWSLEDGER”

THE INFLATION REDUCTION ACT

What does the Inflation Reduction Act do since it obviously does not reduce inflation!

- 1- It expanded the health coverage premium tax credit.
- 2- The tax credit for adding renewable energy sources to your home was extended.
- 3- The 10% tax credit for adding energy-efficient improvements to your main home was reinstated.
- 4- The electric vehicle tax credit has been revised and severely limited.
- 5- Businesses will now qualify for various green energy-related tax credits.
- 6- Start-up businesses can now offset research and development credits against payroll taxes.
- 7- Large companies with book income exceeding \$1 billion annually must pay minimum 15% income tax.
- 8- There is a new 1% excise tax on stock buybacks by publicly traded companies.

- Holders of crypto have taken losses in excess of \$2 trillion this year. The heaviest losses were bagged by venture capital firms. Expect more government regulations moving forward.
- The average price for a new car recently hit a new record high of \$48,300.
- Rishi Sumak is not only the youngest prime minister at age 42, but also the first Asian-British leader.
- Traditional auto rush-hour patterns are changing because workers are now driving to work later and leaving earlier.
- Donations made to individuals through personal fund-raising websites are not tax-deductible.
- Treasury inspectors have declared that the greatest problem with the IRS is their dismal customer service.
- In-store shipping will return to pre-COVID-19 normal levels in 2023.
- Even during these inflation driven times hiring remains strong; especially among small businesses in need of skilled workers.
- The typical credit card processing fee ranges between 1.5% and 3.5% of each transaction.
- According to the Department of Transportation 98% of trucks reported

TAKE A DEEP BREATH – A SMALL SIGH – AS YOU READ ABOUT OUR FUTURE TODAY?

- Americans tip more dollars and more often than any other country.
- OPEC and its partners recently announced a plan to reduce oil exports. This will result in higher prices at the pump as well as alerting customers to expect to pay a lot more for heating bills this winter.
- Mortgage rates are now at their highest since 2002!

problems finding safe parking. Nationally, there is one parking space for every eleven trucks on the road.

- 87% of hotels nationwide say they are struggling to find enough staff. Hotels keep hiking wages which now average more than \$22 per hour.
- New Hampshire has a law on its books requiring its presidential primary to be the first in the nation.
- Hilton hotel conglomerate is helping to design astronaut facilities for Starlab. The space station should be operational by 2027!
- About 40% of world trade is invoiced in American dollars. This is causing higher stubborn inflation outside of the U.S.A.
- Delaware claimed the top spot on the list of most tax-friendly states for retirees for the second year in a row. New Jersey once again was listed as the top state to avoid.
- The average monthly cost to seniors for Medicare is actually being reduced to \$164.90 for 2023.
- Inflation in the U.S. is at a 40-year high of approximately 9%.
- Gas prices are continuing to increase because (a) the pandemic caused production reductions, (b) the Ukraine war has resulted in a major reduction of Russian oil exports and (c) the Biden administration has been less than friendly to oil production and transport.
- Often life insurance policies offer accelerated death benefits, which allow policy owners who have been diagnosed with a terminal illness access to a portion of the death benefit while they are still alive.
- In today's inflammatory business environment consideration should be given

to "laddering" your investments. With a ladder you would buy bonds or certificates of deposit every year for five years.

- Look for inflation to begin to drop substantially mid-2023! Year-end could see 3%.
- During 2022, airlines collected over \$5 billion in baggage fees and \$700 million in cancellation and flight change fees.
- If not for our hot labor market here in the U.S. we would now be in a recession!
- The Senate recently ratified the environmental climate treaty known as the Kigali Amendment to the Montreal Protocol.
- America is bringing factory jobs home at a historic rate. In excess of 350,000 jobs were restored during 2022.
- The new vehicle of choice – golf carts! Many municipalities are now allowing golf carts on public roads. Top speeds are typically 25 miles per hour. Generally, they must have turn signals, headlights, horns and seat belts. They cost between \$5,000 and \$10,000.
- Wheelchair users will soon be able to stay in their chairs when flying.
- More than 70% of Americans now support legalizing marijuana for recreational use.
- A federal judge ruled that virtual currency is a commodity, subject to the Commodity Futures Trading Commission.
- American schools are short approximately 300,000 teachers and support staff.
- Europe must ration gas this winter!
- Innocent spouse relief is not available for the 100% trust funds recovery penalty.

- The charitable contribution deduction taken for a vehicle can not exceed the proceeds the charity gets from selling the auto.
- Secondhand merchandise sales increased by 32% this year! Expected to double by 2026!
- Leisure travel is back to pre-COVID levels as measured by hotels and airlines.
- Major League "CRICKET" is coming to the U.S. in 2023. Cricket is the world's second-most-popular sport, behind only soccer.
- Enrollment in two-year community colleges dropped by 8% in 2022.
- Cars painted bright bold colors tend to hold their resale value best. Yellow tops the list!
- The underlying major cause of inflation is the laws requiring substantial increases in minimum wages. This year 24 states and at least 40 localities hiked their minimum wage pay for workers.
- The last frontier has finally gotten its own internet satellite. The microsatellite is the size of a dishwasher, but is powerful enough to spread high-speed internet throughout Alaska.
- In the current elections Maryland and Missouri voters approved recreational use of marijuana by adults ages 21 and older – however the states of North and South Dakota defeated similar legislation.

HIGH SCHOOL MILLIONAIRES!

High school students who are cashing in on their name, image and likeness are becoming millionaires. The practice is now legal in more than half of the United States. To date 29 states have passed laws allowing high school and college athletes to retain their amateur status upon signing advertising type contracts. Six high schoolers presently rank in the top twenty-five student athlete earners.

WASHINGTON HAS A LEGAL IMMIGRATION LOG JAM!

The executive branch administration has its hands tied when it comes to legal immigration. For the first time in history the government has issued 130,000 visas; the maximum allowed by law. These visas are used by employers who need seasonal workers as well as for high-skilled foreign professionals that high tech businesses most desire. In addition applicants for green card permanent residency requests have wait times that range from nine to eleven years!

GOVERNMENT PROBLEMS AND TAXES – THE NEVER-ENDING STORY!

- The IRS now charges 7% on overdue taxes; increased to 8% for corporate overdue taxes exceeding \$100,000.
- The IRS will now pay 7% to individuals on refunds, 6% to corporations on refunds up to \$10,000, and 4 ½ % on corporate refunds in excess of \$10,000.
- The Inflation Reduction Act gives IRS nearly \$80 billion to spread over ten years for collection and enforcement measures; operations support; modernization of business systems; and taxpayer services.
- IRS says their new Inflation Reduction Act funds will be used to audit more large corporations, pass-through entities, virtual Corporate transactions and to audit high-net-worth individuals.
- A lawyer's litigation costs for disputing disbarment are not tax deductible.
- The IRS assessed in excess of \$37 billion in civil penalties last year; of which \$13 billion were abated.
- IRS field audits are scheduled to return in 2023. Since March of 2020, the pandemic forced the IRS to limit its examinations to be done virtually or by correspondence.

- Voice “bots” are the new telephone operations for the IRS. Bots can establish payment plans, change existing plans, take requests for tax transcripts, present payment history and relay balances owed.
- Corporation capital losses can only be used to offset capital gains. Unused losses can be carried back three years and forward for five years.
- The state of Georgia passed a law that when a human fetus heart beat can be heard the unborn child becomes a dependent. The IRS does not agree.
- You can get a credit of up to \$1,000 on your federal income tax return if you install an electric-vehicle charger in your home.
- In states where abortions are legal, income tax itemizers can deduct the costs as medical expenses.
- Federal estate portability rules allow for a married descendant’s unused estate and gift tax exemption to pass to the surviving spouse. But it’s not automatic! You must file a timely estate return on form 706 to port the \$12,920,000 credit.
- The statutory penalty for a non-willful failure to report a foreign account is \$10,000.
- Be aware of the capital loss wash-sale rule! If you purchase substantially identical stocks up to 30 days before or after a capital loss stock sale; the loss is not deductible – it is held in suspension.
- IRS user fees for enrolled actuaries have risen from \$250 to \$680...and the government claims it is not causing INFLATION!
- Recipients of Social Security will receive an 8.7% increase in their benefits in 2023.
- The Social Security wage base increases to \$160,000 in 2023.
- The annual maximum contribution to traditional IRAs and Roth IRAs increases to \$6,500 in 2023; plus a \$1,000 additional contribution for those over 50.
- Annually each individual can gift \$17,000 to as many people as you want without using your life time exemption.
- Bonus depreciation is reduced after 2022. The bonus program reduces from 100% in 2022; to 80% in 2023; with a 20% reduction annually until it expires.
- In 2023 buyers of business vehicles can deduct depreciation of \$19,200 in year one; \$18,000 in year two; \$10,800 in year three; and \$6,460 annually thereafter until fully depreciated.
- Social Security benefits start getting taxed at the \$25,000 income level for individuals and \$32,000 for joint filers. These thresholds which have existed for decades are not adjusted for inflation!
- At least one spouse must have earned income in order for either or both spouses to contribute to an IRA.
- The IRS disallowed the charitable contribution of an airplane to the aeronautical heritage society because the donees’ social security number was not recorded on the donation receipt letter or IRS form 8283; as required.
- Now that the Republicans control the House and Democrats control the Senate expect gridlocks to be the norm – neither party will get much on its wish list.

OCEAN SHIPPING REFORM ACT

The recently enacted Ocean Shipping Reform Act aims to level the playing field for U.S. exporters by barring any unreasonable refusal by carriers of goods that are ready to ship. The act beefs up the investigatory authority of the Federal Marine Commission and clarifies prohibited carrier

practices related to the imposing of detention and demurrals charges.

THE INSECURE “SECURE ACT”!

Under the new SECURE ACT non-spousal beneficiaries of Individual Retirement Accounts inherited after 2019 must clear out the accounts within ten years. Beneficiaries can take annual distributions, or they can wait until the ten years have expired to take out a lump-sum distribution of the entire account.

“B”OB “A”ND “D”AVE DAD JOKES

Why did the cowboy adopt a dachshund puppy?
He wanted to get a long-little-doggie!

How do you throw a party in space? You plan-it!

What is an astronaut's favorite part of a computer?
The space bar!

What do a tick and the Eiffel Tower have in common? They are both Paris-sites!

What did the turkey say to the turkey hunter?
QUACK-QUACK!

What did one traffic light say to the other traffic light? Don't look I'm changing!

What is the least spoken language in the world?
Sign language!

How do you make Holy water? You boil the Hell out of it!

What do you call a bear without any teeth? A gummie bear!

What do you call the joint in the middle of a child's leg? A kidney!

Which rock group has four guys who can't sing or play an instrument? Mount Rushmore!

I spent a lot of time, money and effort child proofing our house...but the kids still got in!

ZIMMERMAN & ASSOCIATES EVENTS

During the last twelve months Z&A lost three great friends and loved ones.

On December 22, 2021, Jeffrey A. Bird, a great friend, client and benefactor of Z&A died at the young age of 60. Jeff is sorely missed by the Brawner organization of which he was the CEO and a major stockholder, as well as his family, friends and all of us at Z&A.

On July 19, 2022, Mary Jane Viola Brunner; mother of our own Rich Brunner; died of natural causes at the age of 93. We at Z&A would like to take this opportunity to praise the wonderful lady who extended her love and devotion to all of us at Z&A by nurturing those attributes in the form of her loving and dedicated “favorite” son Rich Brunner.

On October 6, 2022, Anna Cooper Hanshue; mother of Carol Zimmerman and mother-in-law of Bob Zimmerman; died of natural causes at the age of 93. Anna was much loved by family, friends and especially all of us at Z&A.

We at Z&A take great pleasure in introducing you to our newest staff accountant. Arla Lopez comes to us with a strong background in auditing and management. Arla attained a bachelor degree from California State University Long Beach located in Long Beach, California. Arla is bilingual speaking fluent English and Spanish. She is hard working and aggressive! This was already proven to us at Z&A when she led her team to a second-place finish at our annual Christmas sports tournament!

Our Human Resources director, Carol Zimmerman, arranged a Z&A Orioles baseball outing and somehow got our entire “team” on the “JUMBO TRON”! We all got Oriole hats, watched a great win and drank crazy drinks!

After a two year hiatus due to COVID-19 problems, Z&A returned to the Maryland State Fair to do battle with the ponies...and for the second time in a row we came away as “BIG WEANERS”! Maybe we should change our business to “professional gamblers”!

Bob and Carol Zimmerman could not attend our annual Christmas bash as they were busy driving to California to celebrate Christmas with their daughter, Jamie!

We all missed Bob and Carol at our Christmas party, which was a combination of a fancy sit-down dinner at Johnny's Restaurant in Roland Park followed by our annual Christmas party sports tournament. For the first time in the history of the tournament we had repeat winners! Jane and Danny Wisniewski were once again the big "WEANERS"! Congratulations to our talented athletic team!

MERRY CHRISTMAS TO ALL AND TO ALL A GOOD FLIGHT INTO 2023! HAPPY NEW YEAR WITH LOVE AND AFFECTION FROM ALL OF US AT Z&A!

FOOD FOR THOUGHT

The diary of life is most often forfeit in death – however lost memories are forever stored in heaven's memory banks!