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revenue

Ideas to help small businesses and individuals maximize income while minimizing taxes.

2nd Quarter 2022

CATCH MORE THAN SUMMER RAYS WITH RENEWABLE ENERGY TAX CREDITS

If you've ever considered switching to a renewable energy system for your current home — or building a new home that runs on renewable energy — here's an extra incentive to take the plunge this summer (or at least by the end of 2023).

Renewable energy tax credits, extended under the Consolidated Appropriations Act of 2021, are still available in 2022 and 2023... but are set to expire on December 31st, 2023. (We hope Congress will extend the credit again.)

If you act before then, you can take advantage of a tax credit based on your timing:

- 26% for systems placed in service after 12/31/2019 and before 01/01/2023
- 22% for systems placed in service after 12/31/2022 and before 01/01/2024

There's no limit to the credit, which is a percentage of the completed installation cost (after state rebates and credits received). Also, the credit is a dollar-for-dollar reduction of your tax liability, but it's not refundable. You may want to do some tax planning if you are thinking of utilizing the credit... and we can help.

Who qualifies? Anyone adding renewable energy to an existing home or new construction, whether it's a principal residence or a second (vacation) home. Rental properties do not qualify.

Which kinds of products qualify for tax credits? Here's a list of ENERGY STAR® categories:

- Solar Panel Systems (also called Photovoltaic Systems or PV)
- Solar Water Heaters
- Geothermal Heat Pumps
- Residential Small Wind Turbines
- Residential Fuel Cells
- Biomass Fuel Stoves

2021 TAX SEASON = 10,000+ HOURS

Our full-time staff of 10, plus a few crucially important part-time employees, poured in over 10,000 working hours from January 1st, 2022, through the April 18th filing deadline — working super hard to complete as many returns as possible in this limited amount of time. Many thanks for being a part of our tax season! We appreciate your business. **Your Honeck O'Toole Team**

WE'RE HIRING!

To make sure we provide exceptional service to all our clients, we need to expand our staff. We're looking for a CPA (or close to it), with experience in public accounting and an interest in tax and financial planning. Perhaps you're a senior-level CPA or just an extraordinary professional looking for a friendly new work environment.

Let's talk if you're curious, committed, and creative — and you'd enjoy solving problems for our clients. **Contact us for details: 207-774-0882 or info@honeckotoole.com.** (Please share this with anyone you know who's a possible candidate for this description. **Thank you!**)

SUMMER 2022 OFFICE HOURS

Summer Fridays are back! This means Fridays are "business casual" after Memorial Day until the end of June. Also, we're closed every Friday in July and August, through Labor Day. However — **clients come first!** If Friday is the only day you can meet with us, just let us know, and we'll schedule an appointment time that works for you.

Contact us for an appointment:
207-774-0882 or
info@honeckotoole.com



Vecteezy.com

Already expired for 2022, but we're hoping to see back, are the Residential Energy Property Cost credits. It included heat pumps (non-geothermal), water heaters, biomass stoves, and central air conditioning. With different equipment names and credit names so similar to one another, it's easy to get confused.

If you're wondering which credit applies, call us!

Shining a Light on Solar

In Maine and across the country, there's a big push for solar panel conversions, especially as home heating oil prices have gone through the roof this year.

According to the Natural Resources Council of Maine (NRCM), *"Solar increases energy independence, with fewer dollars exported out of state for fossil fuels. It's clean and renewable. It's more affordable than you think, as prices have dropped due to competition. Solar panels last 25-40 years and provide a predictable, secure source of power. And, solar is good for our electrical grid and for everybody who pays an electricity bill."*

Another great reason? Solar creates local jobs. The NRCM noted on its website, while Maine was *"in last place in New England for solar jobs per capita, legislation passed in 2019 will create hundreds of good local jobs in many fields and at many different skill levels."*

The NRCM reported, *"At the start of 2019, Maine had 55 megawatts (MW) of installed solar. In the next five years, that is expected to increase to more than 500 MW, with several different types of projects."*

Are You Ready to Enjoy a Solar Panel Tax Credit?

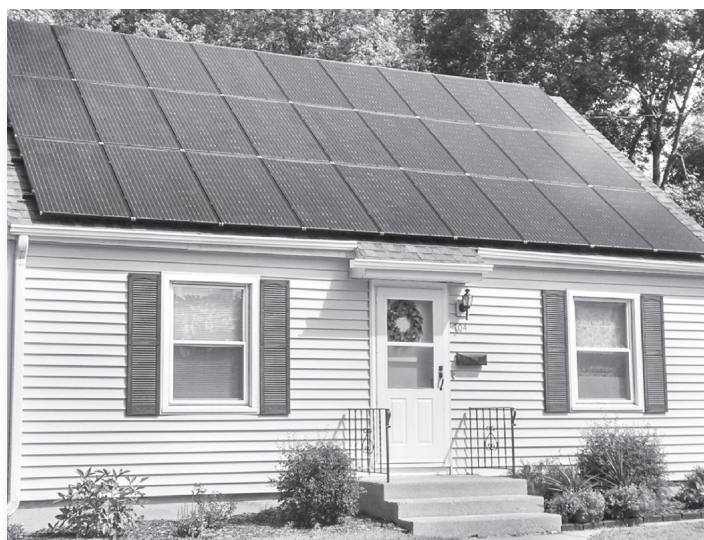
First, consider what it takes to go solar by checking out this handy online guide: <https://www.energy.gov/eere/solar/homeowners-guide-going-solar>

You'll find answers to these questions and many others:

- How does solar work?
- Is my home suitable for solar panels?
- How do I start the process of going solar?
- How much power can I generate by going solar?
- Will I save money by going solar?
- Can I get financing for solar?

To qualify for the solar tax credit, your PV system must provide electricity for your residence and meet applicable fire and electrical code requirements.

It's worth investigating the steps, costs, and benefits of installing solar panels for your home... and this



Energy.gov website has just about every detail outlined for consideration, so you know exactly how to proceed: <http://tiny.cc/b7wrurz>.

If you're convinced that going solar is for you... you may be eligible for this tax credit if you meet all the following criteria:

- Your PV system was installed between January 1, 2006, and December 31, 2023.
- It's located at your primary or secondary residence in the United States.
- You own the system (you purchased it with cash or through financing).
- The system is new or being used for the first time. The credit can only be claimed on the "original installation" of the solar equipment.

IMPORTANT: This article covers just some of the credits. The Qualified Energy Efficiency Improvements credit is also still available in limited situations (new insulation, roof, or exterior doors and windows). Let us know if you've installed these products.

For complete details on qualifying for any of the renewable energy tax credits, visit the official US government website: <http://tiny.cc/i7wrurz>

**Source: <https://www.nrcm.org/programs/climate/clean-energy/solar-power-in-maine/>*

DISCLAIMER: Any accounting, business, or tax advice contained in this communication are not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Honeck O'Toole would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.

THE LATEST NEWS ON 2021 TAX-RETURN EXTENSIONS

An IRS extension allows an individual six additional months to file (past the April 18, 2022, deadline this year) without penalty when more time is needed to accurately report the previous year's tax information.

Extensions can also be filed for other types of returns:

- Businesses filing Forms 1065 or 1120S have until September 15, 2022
- Businesses filing Form 1120 have until October 17, 2022
- Calendar Year-End Trusts & Estates filing Form 1041 have until September 30, 2022
- Calendar Year-End Non-Profit Organizations filing Form 990 have until November 15, 2022

Back in April, the team here at Honeck O'Toole filed an extension on behalf of several of our clients based on their specific situations. **For instance...**

- The volume of data or complexity of their financial events required additional time for us to prepare the return, or
- Late or missing information from clients made it impossible to meet the April 18 filing date.

If you were among our clients filing an extension, you have until Monday, Oct. 17th, 2022, to file your return. We'll help, of course! And, although you can file up to six months later under an extension, taxes are still owed by the original due date.

An extension will not increase your chance of being audited. In fact, it allows more time, without penalty, to make sure your return is complete and accurate and not filed in haste with inaccurate information (inaccuracies may necessitate filing an amended return, amended return, which prompts a close review by the IRS). Finally, the biggest pro to extending is having extra time to evaluate retirement planning options.

If you didn't initially request or need an extension, you may instantly qualify for more time under certain circumstances. According to the IRS, "Disaster victims, taxpayers serving in combat zones, and those living abroad automatically have longer to file."

- Relief is available to residents affected by tornadoes, floods, wildfires, hurricanes, mudslides, etc. resulting in a federally declared disaster area. Relief is also available to people living outside the disaster area if they have a business located in the disaster area. New due dates for filing and paying taxes depend on when the event occurred. Please check this website for specific dates: <https://tinyurl.com/bdd6xcjy>
- Military service members and eligible support personnel serving in a combat zone have at least 180 days after they leave the combat zone to file their tax returns and pay any tax due.
- U.S. citizens and resident aliens who live and work outside the U.S. and Puerto Rico have until June 15, 2022, to file their 2021 tax returns and pay any tax due.

Questions? Call 207-774-0882 or email info@honeckotoole.com. 📞

MAINE'S IRA MANDATE PHASES IN NEXT YEAR

Under the Maine law, an Act to Promote Individual Retirement Savings through a Public-Private Partnership (signed on June 24, 2021) — Maine businesses with five or more employees will be required to offer a workplace retirement program as it phases in starting in 2023.

- The law was enacted to help address the growing national retirement crisis where near-retirement households have a median retirement account balance of just \$14,500

- The program is a payroll-deduction Roth IRA overseen by the Maine Retirement Savings Board, allowing employees to contribute 5% of their pay, up to 8%
- It will allow individual contractors and the self-employed to participate
- It will also offer employers a key recruitment and retention tool to help attract workers

The phased-in schedule is this:

- Employers with 25 or more employees must offer a program by April 1, 2023

- Employers with 15 to 24 employees must offer a program by Oct. 1, 2023
- Employers with 5 to 14 employees must offer a program by April 1, 2024

If you're an employer...

employers offering their own employer-sponsored retirement plan are not subject to the requirements of the new program. Only those that don't already offer a retirement plan must participate. As such, they're required to automatically enroll any employee over age 18 and make the employee contribution, but they

do not need to make any employer matching contributions.

If you're an employee...

your employer (if participating) will automatically sign you up for this and withhold 5% of your pay. You must opt out if you do not wish to contribute. And you must do so each year, since your employer is required to sign you up every year and withhold an additional 1% each year, up to 8% max, on your behalf. So be sure to opt out if you don't want to contribute to the Maine IRA.

We'll have much more to tell you as more details become available. 📞

CLIENT PROFILE

CAMP CELIAC

Mike Richman

Two decades ago, Scarborough, Maine, architect Mike Richman never imagined he'd be co-managing a nonprofit camp for kids with Celiac Disease. But when his daughter was 7 and had been living with the disease for years, Mike's wife discovered Camp Celiac — a special summer camp. They decided to check it out. Mike told us, *"I volunteered that first year. They trained me and placed me in a cabin with a bunch of boys. I had a great week and I kept volunteering every year for the next several years."* In 2010, the family who started the camp was ready to move on, so Mike and two other volunteers took over. He said, *"My daughter's now 25, and I'm still with the camp. It was a priceless experience for her. It made her realize that she's not alone. Her best friends during her teenage life were kids from Camp Celiac; a community that understood."*

It sounds idyllic, based on this website description: *"Camp Celiac is a one-week summer camp for approximately 145 children and youth with Celiac Disease, ages 8-16. Located in beautiful North Scituate, Rhode Island, (it's) situated on 230 acres of woods, fields, and trails, and includes a lake, waterfront cabins, woodside cabins, dining hall, solar bathhouse, and a retreat center."* Mike noted that helping to run the camp is quite a challenge. He said, *"It's my most difficult week of each year, but I love it the most."* The camp closed for 2 years due to COVID, but it's open again for summer 2022. **Interested in learning more? Visit <https://campceliac.org/>.**



WHERE'S YOUR REFUND? CHECK ONLINE

Still looking for your Federal or Maine State refund from tax year 2021? You can check the status online here:

- IRS "Where's my refund" website: irs.gov/refunds
- Maine State Revenue Services website: <https://portal.maine.gov/refundstatus/refund>

The IRS sent out a bulletin on May 25th, 2022, to let users know they've enhanced their online tool. Now it allows taxpayers to check the refund status of not only their current refund (2021) but also the two previous tax years (2019 and 2020).

An interesting note on the IRS tool: "Where's My Refund" was developed in 2002 and was used by taxpayers more than 776 million times in 2021!

Be sure to watch the helpful IRS video on this page, to understand how refund processing works: <https://tinyurl.com/48zxa3vb>



WE'RE CLOSED EVERY FRIDAY IN JULY AND AUGUST, THROUGH LABOR DAY



We welcome your questions about taxes, financial planning, college planning, making the most of QuickBooks, or anything else related to your money.

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