



# NEWSLETTER



## WELCOME TO OUR NEWSLETTER!

Welcome to our NEW Newsletter! We hope to offer some useful information and tips for our amazing clients!

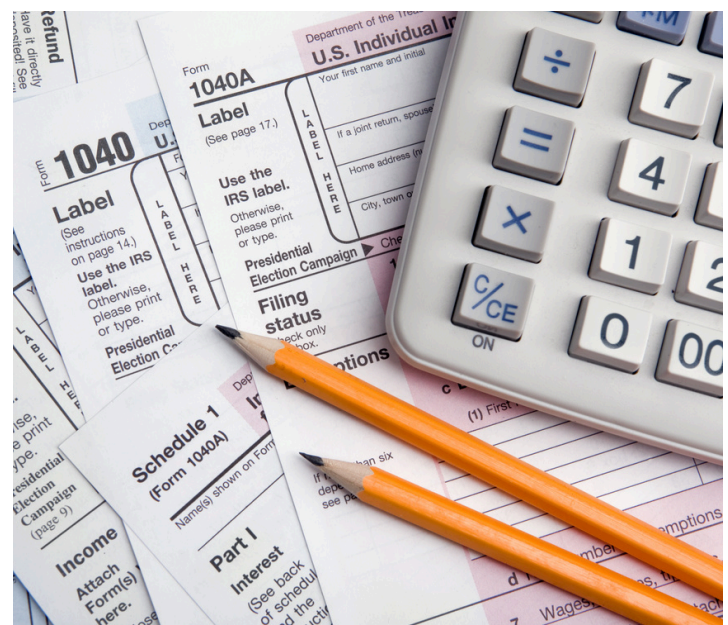
This communication will be sent quarterly to our clients and others who have opted in. If you wish to opt out, or if you prefer to receive this messaging digitally, please let us know! We are always happy to save a tree and send this digitally, but we also know that sometimes information is more effective in print!

The fastest way to change your subscription is to email [erin@sapphiretaxsolutions.com](mailto:erin@sapphiretaxsolutions.com)!

## CONGRATULATIONS FOR GETTING THROUGH ANOTHER TAX SEASON!

As tax professionals, we get several emails with a similar subject line from various marketers at the end of each April. But we also want to congratulate YOU...our smart and savvy business owners! As your businesses grow and you adapt to the new responsibilities you have, get used to all the reporting requirements and recordkeeping, we know you will be better prepared each tax season. And you did it... you didn't just "survive" hopefully you sailed through with little to no stress!

Of course having a professional bookkeeper helps enormously and we are always here to support you- tax time or not!



## WOULD YOU LIKE TO KNOW (ONE OF) OUR BIGGEST PET PEEVES WITH THE TAX CODE? WE THINK YOU MAY AGREE!

You have all heard us tell you "don't forget to pay your quarterly estimated taxes!" This is already a bit of a guessing game, hence the name "estimated"... so wouldn't it be nice if the IRS made it a little easier?

As you may know, financial quarters begin every three months: January 1, April 1, July 1 and October 1. Meaning that if we followed a fiscal quarterly schedule, your tax payments for those periods would be due 2 weeks after the end of the fiscal quarter (give or take a day or two for weekends/holidays).

But, the IRS makes things complicated... Actual quarterly due dates for 2023 are as follows:



Actual estimated tax payment  
due dates:

Q1: April 18, 2023

"Q2": June 15, 2023

"Q3": September 15, 2023

"Q4": January 16, 2024



*Feel free to request interim reports to help  
make your estimated tax payments more  
accurate!*



**So what does that mean for you?**

Q1 is a true quarter, so base your estimated tax payments on January - March net income from self-employment business income. Be sure to consider any income sources that are not taxed (distributions from retirement accounts, rental income, side gigs, etc).

The next payment is only based on two months of income - April and May (hence the June 15 due date).

Then we have a 3 month quarter, but it doesn't fall in line with a fiscal calendar (of course!), so Q3 payment should be based on income from June, July and August.

Q4 actually spans four months... September, October, November and December. whew! This schedule is hard enough for those of us in the tax industry, so we understand how confusing it is for our clients!

## FROM GAILO'S DESK

Saving for your retirement might be your last priority as a new business owner, or when your stream of income is uncertain, but it is still an important goal to fulfill. Making small, yet consistent contributions are worthwhile. One of the best ways to save is by taking advantage of Individual Retirement Accounts (IRA) and the tax savings that they can create for you. There are two options available to any individual: Traditional and Roth. For 2023, the total contributions you make to your IRA accounts (Traditional and Roth combined) cannot exceed \$6500 or \$7500 if you are age 50 or older\*. This is a nice increase over the 2022 limits.



Traditional IRAs provide tax savings in the year you contribute by reducing your taxable income by that amount. Roth IRAs provide tax savings in the year you withdraw the funds because they are excluded from taxable income. There are also 401Ks that you can set up through your business which is a great option for business owners that want even larger contributions, or cannot contribute to Roth IRAs. This is a great way to maximize your retirement savings. The IRS even rewards individuals within certain income ranges with a Saver's Credit for contributing to a retirement account. Save those pennies friends!

\*IRA contributions are limited or disallowed for those with household incomes exceeding IRS limits. Please consult a tax advisor for more information.

*We now offer Financial Counseling Sessions as an add-on service! If you are interested, please email: [gailo@sapphirebookkeepingsolutions.com](mailto:gailo@sapphirebookkeepingsolutions.com)*

## OUR REFERRAL PARTNERS

We LOVE BlueVine! Not only do they offer 2% interest, they also make it so easy for our clients to provide true Accountant Access for us. We get read-only permissions and never have to bother you to send us a statement again! You can also pay vendors and set up ACH payments!



401GO is our choice when it comes to setting up 401Ks for our (and your!) business. You can set it up on your own or we can help! There is a tax credit available, and these contributions reduce your taxable income! Not to mention you are saving for your retirement! WAY TO GO!



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*We love our clients!  
Referrals are always  
appreciated!*

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## IRS NEWS: ENERGY IMPROVEMENT CREDITS

### **Are you making home improvements? See if you can qualify for a tax credit!**

Taxpayers can claim the **Energy Efficient Home Improvement Credit\*** only for improvements, additions or renovations to an existing home. The credit is limited and is only for a percentage of the total improvement expense in the year of installation, so be wary of any exaggerated claims that companies may make to gain your business.

Qualifying costs may include:

- Exterior doors, windows, skylights and insulation materials
- Central air conditioners, water heaters, furnaces, boilers and heat pumps
- Biomass stoves and boilers
- Home energy audits

\*This credit does NOT apply to newly constructed homes, or homes that you may rent out.

Taxpayers can also claim the **Residential Clean Energy Credit** for qualifying costs for either an existing home or a newly constructed home. For 2023, this credit is limited to 30% of the expense paid in the year of installation. Qualifying costs may include:

- Solar, wind and geothermal power generation equipment
- Solar water heaters
- Fuel cells
- Battery storage

*Be sure to keep good records and document these improvements for your tax return. See [irs.gov](https://www.irs.gov) for more details*