

LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



SPECIAL POINTS OF INTEREST:

- **Networking is crucial**
- **Bonus depreciation ending**
- **Student Loan Forgiveness details**
- **Referrals, call-in times, and much more...**

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Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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Expansion of Environment-Related Tax Credits

The recently enacted Inflation Reduction Act of 2022 contains several new environment-related tax credits that are of interest to individuals and small businesses. The Act also extends, and modifies, some preexisting credits.

Extension, Increase, and Modifications of Nonbusiness Energy Property Credit

Before the enactment of the Act, you were allowed a personal credit for specified nonbusiness energy property expenditures. The credit applied only to property placed in service before January 1, 2022. Now, you may take the credit for energy-efficient property placed in service before January 1, 2033.

Increased credit. The Act increases the credit for a tax year to an amount equal to 30% of the sum of (a) the amount paid, or incurred, by you for qualified energy efficiency improvements installed during that year, and (b) the amount of the residential energy property expenditures paid, or incurred, by you during that year. The credit is further increased for amounts spent for a home energy audit. The amount of the increase due to a home energy audit can't exceed \$150.

Annual limitation in lieu of lifetime limitation. The Act also repeals the lifetime credit limitation, and instead limits the allowable credit to \$1,200 per taxpayer per year. In addition, there are annual limits of \$600 for credits with respect to residential energy property expenditures, windows, and skylights, and \$250 for any exterior door (\$500 total for all exterior doors). Notwithstanding these limitations, a \$2,000 annual limit applies with respect to amounts paid, or incurred, for specified heat pumps, heat pump water heaters, and biomass stoves and boilers.

Extension and Modification of Residential Clean-Energy Credit

Under prior law, you were allowed a personal tax credit, known as the residential energy efficient property (REEP) credit, for solar electric, solar hot water, fuel cell, small wind energy, geothermal heat pump, and biomass fuel property installed in homes in years before 2024.

The Act makes the credit available for property installed in years before 2035. The Act also makes the credit available for qualified battery storage technology expenditures.

Extension, Increase, and Modifications of New Energy Efficient Home Credit

Under pre-act law, a New Energy Efficient Home Credit (NEEHC) was available to eligible contractors for qualified new energy efficient homes acquired by a homeowner before January 1, 2022. A home had to satisfy specified energy saving requirements to qualify for the credit. The credit was either \$1,000 or \$2,000, depending on which energy efficiency requirements the home satisfied.

The Act makes the credit available for qualified new energy efficient homes acquired before January 1, 2033. The amount of the credit is increased, and can be \$500, \$1,000, \$2,500, or \$5,000, depending on which energy efficiency requirements the home satisfies, and whether the construction of the home meets prevailing wage requirements.

New Clean-Vehicle Credit

Before the enactment of the Act, you could claim a credit for each new qualified plug-in electric drive motor vehicle (NQPEDMV) placed in service during the tax year.

The Act, among other things, retitles the NQPEDMV credit

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Expansion of Environment-Related Tax Credits—*continued from page 1*

as the Clean Vehicle Credit and eliminates the limitation on the number of vehicles eligible for the credit. Also, final assembly of the vehicle must take place in North America.

No credit is allowed if the lesser of your modified adjusted gross income for the year of purchase or the preceding year exceeds \$300,000 for a joint return or surviving spouse, \$225,000 for a head of household, or \$150,000 for others. In addition, no credit is allowed if the manufacturer's suggested retail price for the vehicle is more than \$55,000 (\$80,000 for pickups, vans, or SUVs).

Finally, the way the credit is calculated is changing. The rules are complicated, but they place more emphasis on where the battery components (and critical minerals used in the battery) are sourced.

Credit for Previously Owned Clean Vehicles

A qualified buyer who acquires, and places in service, a previously owned clean vehicle after 2022 is allowed an income tax credit equal to the lesser of \$4,000 or 30% of the vehicle's sale price. No credit is allowed if the lesser of your modified adjusted gross income for the year of purchase or the preceding year exceeds \$150,000 for a joint return or surviving spouse, \$112,500 for a head of household, or \$75,000 for others. In addition, the maximum price per vehicle is \$25,000.

New Credit for Qualified Commercial Clean Vehicles

There is a new qualified commercial clean-vehicle credit for qualified vehicles acquired and placed in service after December 31, 2022.

The credit per vehicle is the lesser of: 1) 15% of the vehicle's basis (30% for vehicles not powered by a gasoline or diesel engine), or 2) the "incremental cost" of the vehicle over the cost of a comparable vehicle powered solely by a gasoline or diesel engine. The maximum credit per vehicle is \$7,500 for vehicles with gross vehicle weight ratings of less than 14,000 pounds, or \$40,000 for heavier vehicles.



Increase in Qualified Small Business Payroll Tax Credit for Increasing Research Activities

Under pre-Inflation Reduction Act law, a "qualified small business" (QSB) with qualifying research expenses could elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit against the employer's share of Social Security tax.

Due to concerns that some small businesses may not have a large enough income tax liability to take advantage of the research credit, for tax years beginning after December 31, 2022, QSBs may apply an additional \$250,000 in qualifying research expenses as a payroll tax credit against the employer share of Medicare. The credit can't exceed the tax imposed for any calendar quarter, with unused amounts of the credit carried forward.

Extension of Incentives for Biodiesel, Renewable Diesel, and Alternative Fuels

Under pre-Act law, you could claim a credit for sales and use of biodiesel and renewable diesel that you use in your trade or business or sold at retail and placed in the fuel tank of the buyer for such use and sales on or before December 31, 2022. Now, you are permitted to claim a credit for sales and use of biodiesel and renewable diesel fuel, biodiesel fuel mixtures, alternative fuel, and alternative fuel mixtures on or before December 31, 2024.

You're also now allowed to claim a refund of excise tax for use of 1) biodiesel fuel mixtures for a purpose other than for which they were sold or for resale of such mixtures on or before December 31, 2024, and 2) alternative fuel as that used in a motor vehicle or motorboat or as aviation fuel, for a purpose other than for which they were sold or for resale of such alternative fuel mixtures on or before December 31, 2024. ※

This month's special Member-Only call-in times for Lindsey's Insider's Circle will be 10/17/22 from 2:00 to 4:00 pm. To schedule your appointment, contact Kristen at (251) 633-4070.

**Not a member yet?
Find out how to become one TODAY!**

Q. How do you make a witch stew?
A. Keep her waiting for hours.

Q. How do you know if a ghost is lying?
A. You can see right through him.

Work Your Network

For many small(er) businesses, referrals from your personal and professional network make up a large part of your business. No matter what sector or industry you're in, it often feels like a significant portion of your business, whether you track it or not.

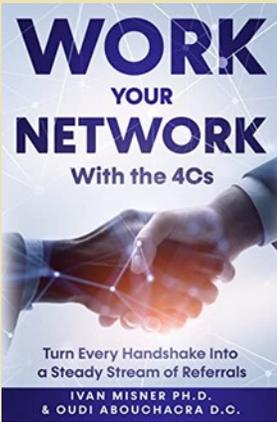
A few years ago, BNI conducted a worldwide, online survey, open to the public, with almost 4,000 participants. One of the biggest data points to come out of that survey was that 73% of businesses reported getting most of their business from networking and referrals. Now, that's compelling. Advertising was about 12%; cold calling was less than 10% and P.R. was under 5%.

Over 73% of businesses reported that the majority of their business came from networking and referrals and yet, the same survey reported that 87% of the same people said they've never taken a college course that covered networking or word of mouth marketing. Forget about a class actually on networking; we're talking about a course that just discussed the topic of networking. Most people get their business from networking, but most people have never been taught how to network.

It is really disturbing that business students are nearly completely unaware of how crucial networking will be to their future success. Equally disturbing is that business professionals aren't investing time and energy into a source of income potentially responsible for nearly three quarters of their income - referrals. Maybe this is part of the reason over half of all businesses fail within three years.

In his newest book, *Work Your Network with the 4Cs*, Dr. Ivan Misner, founder of BNI, and co-author Dr. Oudi Abouchacra, discuss the four fundamentals of networking. They refer to them as the 4Cs: Competence, Credibility, Clarity, and Connectivity. An understanding of these four Cs can help you build a greater network and work the network more effectively.

BNI® Live Vote	
Where does most of your business come from (what is the primary source)?	
Advertising (all forms)	12.3%
Public Relations	4.7%
Networking/Referrals	73.1%
Cold Calling	9.4%
Total Votes: 3918	



In the book's introduction, Dr. Oudi talks about how BNI changed his life. He was a recent chiropractic school graduate and was opening his brand-new clinic. He expected his father would be proud of him. According to Dr. Oudi, his father "walked in, greeted me, put his arm around me and said, 'Son, I really like what you've done with the place.' He paused, and I was sure it was because he was choked up. Then he turned to me and said, 'But it's missing one thing. Patients'."

Dr. Oudi didn't realize it at the time, but he made a classic mistake: he thought he could wait for people to find him instead of going out to meet people. His father told him, "You need to get out and network." Dr. Oudi confessed he didn't really know the first thing about networking and the thought of mixing and mingling with the community terrified him.

Clarity came on his dad's recommendation to network by way of one of Dr. Oudi's first patients. He was a successful entrepreneur named Kim. Kim asked him, "Oudi, do you know what you need to fill your clinic?" Oudi admitted he had no idea. Kim told him, "BNI." Dr Oudi writes that he was still confused. "He (Kim) explained in a nutshell. 'It's a business group. We meet every week for the sole purpose of helping one another grow our businesses'."

BNI is full of business owners and decision makers. I can't explain it to you. You need to come experience it. If you want your business to take off in the new year, now is the time to start working on it. Reach out to me and I'll connect you with my referral partners. ✨

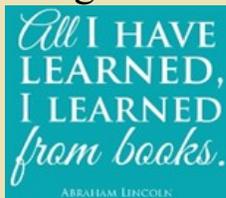
"Successful people do what unsuccessful people are not willing to do."

~ Jim Rohn

What I'm Reading...

NOW
Black Sheep
by David Archer

RECENTLY
The Brass Verdict
by Michael Connelly
Healing Begins in the Kitchen
by Ivan Misner PhD, Beth Misner, Eddie Esposito, with Miguel Espinoza MD



The End Is Near

The Internal Revenue Code provides for a 100% additional first-year depreciation deduction, or bonus depreciation, for qualified property. Bonus depreciation is claimed in the year the property is placed in service by the taxpayer for use in its trade or business or for the production of income. The applicable percentage is being phased out over time as follows:

- ...100%, if placed in service after September 27, 2017, and before January 1, 2023.
- ...80%, if placed in service after December 31, 2022, and before January 1, 2024.
- ...60%, if placed in service after December 31, 2023, and before January 1, 2025.
- ...40%, if placed in service after December 31, 2024, and before January 1, 2026.
- ...20%, if placed in service after December 31, 2025, and before January 1, 2027.



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Just a reminder, or in case you haven't heard, we've officially moved to our new office! Come see us at:

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Mobile, AL 36609**



To be removed from our mailing list, call/email us:
(251) 633-4070 or info@CPAMobileAL.com.

Three Parts of the Biden Student Loan Forgiveness Plan

On August 24, 2022, President Biden announced a sweeping student loan initiative highlighted by forgiveness of up to \$20,000 for some borrowers.

The first part of the plan allows for up to \$10,000 in debt cancellation for those with incomes below \$125,000 per person, or \$250,000 per household. If you received a Pell Grant while in college and meet the income threshold, you will be eligible for up to \$20,000 in debt cancellation.

An extension of the pause on student loan repayments until December 31, 2022, is the second part. Coming right after Christmas, it's likely to be a hard time to add a budget item, so, if you're resuming payments, get in the mindset now.

In addition, borrowers who are employed by non-profits, the military, or federal, state, Tribal, or local government may be eligible to have all of their student loans forgiven through the Public Service Loan Forgiveness (PSLF) Program. This is because of time-limited changes that waive certain eligibility criteria in the PSLF Program. These temporary changes expire October 31, 2022. For more information on eligibility and requirements, go to [PSLF.gov](https://pslf.gov).



The third part is a modification to the income-based repayment plan rules. Future monthly payment plans would be substantially reduced for lower- and middle-income borrowers. The rule would cap the repayments for those with undergraduate degrees at 5% of monthly discretionary income. This is down from the 10% cap previously available.

The plan will forgive loan balances after 10 years of payments, instead of 20 years, for borrowers with loan balances of \$12,000 or less. ✂

We Believe in Referrals

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these products or services.

- Welding Supplies
- Printer
- Medicare Supplements
- Realtor
- Business Insurance
- Attorney
- Life Insurance
- Travel Agent
- Home Insulation
- Custom Embroidery & Monogramming
- Shaklee Health & Wellness Supplements
- Fences
- Financial Advisor
- Veterinarian
- Remodeler
- Payroll Processing
- HVAC Repair



Richard Lindsey



Paula Waldo

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