



New Mexico Legal Aid, Inc.

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Dear Clients and Former Clients,

It's time to start thinking about your 2022 taxes . . .

Why file? Each year, U.S. taxpayers “forget” to claim billions in “returns.” For you, “returns” are likely to come from either (i) excess taxes withheld from your paycheck or (ii) two big tax credits—the earned income tax credit (“EITC”) and/or the child tax credit (“CTC”). Maximum EITC ranges from **\$560** for workers with no children to **\$6,935** for workers with three or more children. The maximum CTC is **\$2,000 per child**. At the state level, there is also a New Mexico working families tax credit equal to **20 percent** of the EITC, bringing workers an extra **\$112 to \$1,387**. Don't leave money on the table by failing to file!

File even if you owe money to the IRS. There are separate IRS tax penalties for **failing to file** and **failing to pay**. If you owe and file more than 60 days late, the minimum IRS **failure to file** penalty can reach **\$485**. **New Mexico** has failure to file penalties as well.

Free is good! As always, our recommendation is to USE FREE TAX PREPARATION SERVICES if possible. Volunteer Income Tax Assistance (“VITA”) or Tax Counseling for the Elderly (“TCE”) volunteers are trained to help low-income taxpayers of any age and must pass a test each tax season.

- To find a VITA or TCE site near you, visit <https://irs.treasury.gov/freetaxprep/>
- In north central New Mexico (including Albuquerque), the major VITA provider is Tax Help New Mexico. Call **505-750-3885** after mid-January or visit <https://uwcnm.org/tax-help-new-mexico> to make an appointment.
- Throughout New Mexico, the major TCE provider is AARP TaxAide. Find an AARP site near you at https://www.aarp.org/money/taxes/aarp_taxaide/locations.html

Paid Tax Preparers. If you use a paid preparer, use an enrolled agent. “EAs” must pass a rigorous IRS test and take 72 hours of **tax classes** every three years. (CPAs and attorneys are also subject to strict education requirements.) To find an enrolled agent near you, visit <https://www.taxexperts.naea.org>. There is also an IRS directory of other credentialed preparers at <https://irs.treasury.gov/rpo/rpo.jsf>.

Avoid tax preparation loans. Keep in mind that “**advances**” against your refund are really **interest-bearing loans**. And “**no fee**” tax preparation from a commercial preparer is likely an **interest-bearing loan of the tax preparation fee**. Interest rates in New Mexico are high, as high as **36%** on loans under \$10,000, and as high as **100%** on loans of \$10,000 or greater. A **month** of interest on a **\$5,000 tax preparation loan at 36%**, compounded daily, is **over \$200**. Bottom line: If a paid preparer offers to give you cash, say “No.”

Know your rights under the Albuquerque Tax Preparer Ordinance. If your taxes are prepared in Albuquerque, you have new enforceable rights under the Albuquerque Tax Preparer Ordinance, (passed by the City Council on December 5, 2022), including:

- The right to see a **posted fee schedule (English or Spanish)** before you agree to have your taxes prepared;
- The right to see your tax preparer's **qualifications (English or Spanish)**;
- The right to receive a **free copy of your tax forms** as filed.
- The right to get **your personal documents back** on request.

In addition, tax preparers:

- May not **refuse to prepare your taxes unless you borrow** against your "return," i.e. may not force you to agree to a loan.
- May not ask you to sign a **blank or incomplete return**.

Learn more or file a complaint at <https://www.cabq.gov/taxpreprights>.

It's not too late to file prior year returns.

Federal. If you haven't filed for 2019, 2020 or 2021, you may have thousands of dollars in unclaimed "returns" waiting for you. VITA and TCE providers typically are available to prepare prior year taxes after the 2022 filing deadline, which this year is 4.18.23. Beware: you can only get your federal "return" if you file your Form 1040 within three years of the original filing deadline for that form. The drop-dead dates are as follows:

For 2019: July 14, 2023

For 2020: May 16, 2024

For 2021; April 17, 2025

New Mexico. And, if you haven't received your New Mexico rebate payments, file your 2021 New Mexico personal income tax form [PIT-1] now! You must file no later than *May 31, 2023* in order to receive the full payment.

Looking ahead.

Those of you who are **gig workers** or **work online** may receive Forms 1099-K next tax season from third-parties like **Uber**, **EBay** or **PayPal**.

Although you will generally need to **report income** from any Forms 1099-K you receive, you also will be able to **take a deduction** for related expenses, like gas or the cost of goods sold. **Keeping good records** of all income and expenses in 2023 is a must!

Finally, when planning for 2023, remember **your "return" may be smaller**—with no extra-large child tax credits or economic impact payments for 2022.

More questions? Call an attorney at the New Mexico Legal Aid Low Income Taxpayer [Controversy] Clinic:

- Grace Allison, 505-768-6134;
- Nathaniel Puffer, Director, 505-814-6593; or
- Anne Rothrock, 505-545-8543.