



New Mexico Legal Aid, Inc.

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Dear Clients and Former Clients,

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

What's changed since last year? First, your “return” may be **smaller**—with no extra-large child tax credits¹ or economic impact payments. Second, those of you who are gig workers or sell online may receive **Forms 1099-K** for the first time from third parties like **Uber, EBay or PayPal**.

Under a new law, both you—**and the IRS**—will receive notice if total payment(s) to you from these third parties are larger than **\$600**. (Prior law did not require third parties to report unless they paid you more than \$20,000 and you participated in more than 200 transactions.) You must **report income** from any Forms 1099-K you receive, being sure to also report any **legitimate expenses or costs** related to that income, such as gas or inventory.

Why file? Each year, U.S. taxpayers “forget” to claim billions in “returns.” For you, “returns” are likely to come from either (i) excess

¹ It is possible Congress will act to expand the \$2,000 child tax credit before year end.

withholding 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 central New Mexico (including Albuquerque), the major VITA provider is Tax Help New Mexico. Call 505- **750-3885** in 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. 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 “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

More questions? Call an attorney at the NMLA Low Income Taxpayer [Controversy] Clinic:

- Grace Allison, 505-234-3795;
- Nathaniel Puffer, Director, 505-814-6593; or
- Anne Rothrock, 505-545-8543.

P.S. Those of you who are current clients will be interested in the Notice below. Although we have no plans to change your attorney assignment, the New Mexico Rules of Professional Responsibility (which govern attorney conduct), require us to give you this notice.

NOTICE TO CLIENTS NEW MEXICO LEGAL AID ATTORNEY SUCCESSION PLAN FOR INCAPACITATION

NMLA has a plan in place if your assigned lawyer becomes unable to continue representing you. Another attorney will be assigned to your case quickly. If a new attorney contacts you, please remain in contact with the new attorney. If you have questions about this plan, you may request more information from NMLA or the State Bar of New Mexico.