



CHOI HONG LEE & KANG LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

2022 - 2023 Tax Update

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MIDDLE CLASS TAX REFUND

In October 2022, the FTB began issuing the Middle Class Tax Refund to eligible taxpayers, with the payment amount ranging from \$200 to \$1,050, depending on their filing status, California AGI, and whether they claimed any dependent credits. Taxpayers must have been California residents and have filed their 2020 tax returns by October 15, 2021 in order to be eligible. The payment will be either in the form of direct deposit or debit card. The FTB plans to have all payments mailed out by January 15, 2023. The payments are excludable from California taxable income.

INFLATION REDUCTION ACT OF 2022 – PROVISIONS FOR INDIVIDUALS

CLEAN VEHICLE CREDIT

The Clean Vehicle Credit replaces the New Qualified Plug-in Electric Drive Motor Vehicles Credit and generally applies to vehicles placed in service after December 31, 2022.

- A. Credit ranges from \$2,500 to \$7,500 per qualifying vehicle and can only be claimed for vehicles that have a manufacturer's suggested retail price below specified levels (\$80,000 for vans, pick-up trucks, or SUVs; \$55,000 for all other vehicles) and by taxpayers below specified modified AGI levels (\$300,000 for MFJ, \$225,000 for HOH, and \$150,000 for all other).
- B. Taxpayers should look up the vehicle identification number (VIN) for the exact car they are purchasing to verify if it qualifies for the Clean Vehicle Credit. The VIN lookup tool is located at <https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit>
- C. The 200,000 unit (per manufacturer) phase-out of the credit is repealed applicable to vehicles sold after December 31, 2022. However, going forward, manufacturers must ensure that key components are manufactured in the U.S. or U.S. "friendly" countries and final assembly takes place in North America.
- D. Beginning for vehicles placed in service in 2024, taxpayers will be able to transfer the credit to licensed dealers at the time of sale and lower the cost of the car immediately rather than wait to receive the benefit when they file their tax return. The transferred credit is not includable in the taxpayer's gross income and is not deductible for the dealer.
- E. California has no comparable credit but has a rebate through the California Clean Vehicle Rebate Project (CVRP). Taxpayers can get a rebate amount, ranging from \$1,000 to \$7,000 depending on the vehicle, and they are taxable income, for both federal and California. Moreover, low-income families can receive an additional rebate up to \$2,500.

PREVIOUSLY OWNED CLEAN VEHICLE CREDIT

This new credit is available for the purchase of used clean vehicles after December 31, 2022 by qualified buyers with modified AGI below specified levels (\$150,000 for MFJ, \$112,500 for HOH, and \$75,000 for all other). The credit is equal to 30% of the vehicle's sales price, up to a \$4,000 maximum credit. Only sales by a licensed dealer of vehicles sold for \$25,000 or less qualify and only the first resale qualifies. The vehicle's model year must be at least two years earlier than the calendar year in which it was purchased. Buyers may only claim the credit for purchases once every three years.

ENERGY EFFICIENT HOME IMPROVEMENT CREDIT

Also known as the Nonbusiness Energy Credit, this nonrefundable credit was retroactively reinstated to property placed in service after 2021 and is available to individuals who make their homes more energy efficient by installing items such as insulation or energy efficient windows and doors.

For property placed in service in 2022:

- The credit is 10% of the cost of eligible property placed in service in 2022, up to a \$500 lifetime limit (\$200 for windows).
- The credit can only be claimed for property installed at the taxpayer's principal residence.

For property placed in service in tax years after 2022:

- The credit is 30% of the cost of eligible property placed in service during the taxable year, up to a \$1,200 annual limit (\$2,000 for electric or natural gas heat pump, water heater, and qualified biomass stove or boiler).
- The credit can be claimed for second homes or vacation homes.
- The credit can be claimed for home energy audits (up to \$150 maximum credit).

RESIDENTIAL CLEAN ENERGY CREDIT

Renamed from the Residential Energy Efficient Property (REEP) Credit, this credit is now available for the installation of solar energy property placed in service in a personal use property prior to January 1, 2035. Solar energy property includes but is not limited to solar electric, solar water heating, fuel cell, and qualified battery storage. For properties placed in service after 2021, the credit available is retroactively reinstated to 30% of the cost of eligible property. The credit will begin to phase down in 2033. There is no maximum credit any taxpayer can take (annually or lifetime) and the credit is not limited by the taxpayer's AGI.

INFLATION REDUCTION ACT OF 2022 – PROVISIONS FOR BUSINESSES

QUALIFIED COMMERCIAL CLEAN VEHICLE CREDIT

This new credit is available for qualified vehicles purchased after December 31, 2022 and used for business. The credit is the lesser of 15% of the vehicle's basis (30% if vehicle is not powered by gasoline or diesel) or the excess of the vehicle's purchase price over the cost of a similar vehicle which is powered solely by gasoline or diesel. The credit is capped at \$40,000 per vehicle. Likewise with the Clean Vehicle Credit, taxpayers must provide the VIN on the tax return. Double dipping on the two credits for the same vehicle is not allowed.

ENERGY EFFICIENT COMMERCIAL BUILDING DEDUCTION

Taxpayers who own or lease a commercial building may deduct the cost or portion of the cost to install energy efficient commercial building property. Beginning with tax year 2023, the maximum deduction is increased to \$2.50 per square foot of the building, with an additional \$0.10 for each percentage point the designed energy cost savings exceed 25% of the Secretary of the Treasury's reference standard, up to a \$5.00 maximum per square foot. There is also an alternative deduction available for taxpayers who place in service an energy efficient building retrofit property, which must meet certain energy usage reduction criteria.

ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT

Taxpayers who install qualified alternative fuel vehicle refueling property, such as an electric charging station for their businesses can claim a credit for 30% of the refueling property cost. For property placed in service after December 31, 2022, the credit limit has been increased from \$30,000 per-location to \$100,000 per-item. The \$1,000 limit for nondepreciable property remains the same. However, this credit is limited to property placed in service in low-income or rural census tracts.

NEW ENERGY EFFICIENT HOME CREDIT

This credit is retroactively reinstated at January 1, 2022 and now available to eligible contractors or manufacturers that construct or substantially reconstruct or rehabilitate new energy efficient homes prior to January 1, 2033. For homes acquired after 2022, eligible single-family homes and manufactured new homes can claim a credit ranging from \$2,500 to \$5,000 (\$1,000 to \$2,000 for homes acquired in 2022). In order to claim the credit, homes must meet certain requirements set by Energy Star and the Department of Energy. Multi-family homes can also claim a credit ranging from \$500 to \$5,000 for each unit eligible to participate in the Energy Star Multifamily New Construction Requirement.

ENERGY INVESTMENT TAX CREDIT

This credit which allows businesses to claim a tax credit for the cost of specified energy property (such as solar property) is generally extended an additional year to apply to property for which construction begins before January 1, 2025 (January 1, 2035 for geothermal heat pump property). For properties placed in service during 2022, the maximum credit available is retroactively reinstated to 30% of the cost of eligible property. Taxpayers must meet certain wage and apprenticeship requirements to be eligible for the maximum credit.

RENEWABLE ELECTRICITY PRODUCTION TAX CREDIT

The IRS has extended this credit for three years for facilities that begin construction before January 1, 2025. The credit is provided for each kilowatt hour (kWh) of electricity produced from qualifying facilities and sold to an unrelated party. For facilities placed in service after 2021, the credit ranges from 0.52¢ per kWh to 2.60¢ per kWh, depending on if wage and apprenticeship requirements are met. The credit may be claimed for up to 10 years. Please note that the Renewable Electricity Production Tax Credit and the Energy Investment Tax Credit cannot both be claimed for the same facility.

SELLING ENERGY CREDITS

Applicable to tax years beginning after December 31, 2022, taxpayers may elect to sell their energy credits for cash to an unrelated taxpayer. This will enable the taxpayer to immediately monetize the benefits of these credits. Seller will not include the sale of credits in gross income, nor can the purchaser deduct this expense. To make the election, an irrevocable election must be made by the extended due date for the return for the taxable year for which the credit is determined. Please note that a credit can only be transferred once and any excessive claim of credit may be subject to penalties. Tax-exempt entities are ineligible to make the election.



Tax Planning

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Tax Audit

MEDICAL EXPENSE DEDUCTIONS

The IRS allows all taxpayers to deduct only the amount of the total medical expenses that exceed 7.5% of their adjusted gross income. Medical mileage rate for 2022 from January to June is 18 cents and from July to December is 22 cents.

INCOME EXCLUSION OF CANCELLATION OF DEBT ON PRINCIPAL RESIDENCE

Gross income does not include cancellation of debt if the income for discharged debt from taxpayers' qualified principal residence indebtedness was discharged prior to January 1, 2026. (But limited to \$750,000 of acquisition debt (\$375,000 for MFS)). California has not allowed the principal residence exclusion since 2013.

CONTRIBUTION TO RETIREMENT SAVINGS

The contribution to Retirement Savings Plan (401(k), SEP IRA, etc.) is recommended. For 2022, the maximum amount for 401(k) is \$20,500 (\$27,000 if age 50 or older), and the maximum amount for SEP IRA (Simplified Employee Pension) is \$61,000. In 2023, taxpayers can contribute up to \$22,500 (\$30,000 if age 50 or older) for 401(k) and up to \$66,000 for SEP IRA.

RETIREMENT PLANS: TRADITIONAL IRA AND ROTH IRA

Taxpayer can contribute up to \$6,000 (\$7,000 if age 50 or older) to an IRA account by April 18, 2023 to be eligible for tax deduction for 2022. For tax year 2023, taxpayers can contribute up to \$6,500 (\$7,500 if age 50 or older). Taxpayer may convert a traditional IRA to a Roth IRA. There is no limit for conversion income, however, the conversion may result in taxable consequence in certain situations (paying back tax benefit from Traditional IRA).

DISTRIBUTION OF RETIREMENT ACCOUNT

Taxpayers who turn age 72 during the year can put off their first required minimum distributions (RMDs) until April 1 of the year after they turn age 72. Taxpayers who put off their 1st RMD must take two RMDs in the 2nd year (one for the year they turned age 72 and one for the following year.) The deadline for taking RMD is December 31 each year.

Distributions that occur before an account holder reaches the age of 59 ½ are taxed as ordinary income and may be subject to a 10% penalty. Amount received from IRAs or qualified plans may be rolled over tax-free if rollover is made within 60 days of the date of the distribution. There are limited exceptions from the 10% additional tax for distributions made for medical and educational purposes and for "first-time homebuyers". Please contact our office for more details when exception applies in 2022.

CHILD TAX CREDIT (CTC)

For tax years 2018 through 2025, the Child Tax Credit is \$2,000 per child. Qualifying child should be born on or after 01/01/2006 and must have valid SSN. Taxpayers who failed to obtain an SSN for their qualifying child by the due date of their income tax return are still eligible for the \$500 credit available for other dependent (under IRS § 24(h)(4)(A)). For the tax year 2021 only, the credit was temporarily increased by \$1,000 per child and an advance payment was provided. Neither provision was extended into 2022.

CHARITABLE CONTRIBUTIONS

Individual taxpayers can claim cash contributions of up to 60 percent of their 2022 adjusted gross income (50 percent of federal AGI for California). For the 2021 taxable year, taxpayers were allowed to claim cash contributions of up to 100 percent of their adjusted gross income and claim a limited deduction for cash contributions when claiming the standard deduction. Neither provision was extended into 2022.

VIRTUAL CURRENCY TRANSACTIONS

The IRS has issued the guidance concerning the taxation of virtual currencies that has an equivalent value in real currency (or acts as a substitute for real currency). (IRS Notice 2014-21)

1. Taxpayers who received, sold, sent, exchanged, or otherwise acquired any financial interest in any virtual currency at any time during 2022 have to report Capital Gain or Loss from the transactions.
2. Wages paid to employee using virtual currency are taxable.
3. Payments made to independent contractors using virtual currency are taxable.
4. A taxpayer who mines virtual currency realizes taxable income.

Beginning with transactions on January 1, 2023 and after, virtual currency platforms are required to issue Form 1099-B for virtual currency transactions. Many platforms, such as Coinbase and Robinhood, have already begun providing year-end reporting statements, which are similar to the 1099-B forms.

Beginning with transactions on December 17, 2023, Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business is required to be filed with the IRS by the 15th day after the date virtual currencies are received exceeding \$10,000 in a single transaction.

GIFT TAX / ESTATE TAX EXCLUSION

For 2022, the annual gift tax exclusion is \$16,000 (\$17,000 for 2023). A taxpayer, making a gift valued more than \$16,000 to anyone other than spouse, should report the gift on the tax return. For 2022, a unified gift and estate tax exemption per person is \$12,060,000 (\$12.92 million for 2023). It is scheduled to reduce back to \$5 million after 12/31/25. Please consult with a tax advisor before making a gift more than the annual exclusion since exceeding amounts will count against the lifetime exclusion.

REPORT OF FOREIGN BANK AND FINANCIAL ACCOUNTS (FBAR)

Taxpayers with an interest in, or signature or other authority over, foreign financial accounts, whose aggregate value exceeded \$10,000 at any time during 2022, must report foreign Bank and financial Accounts (FBAR) by April 18, 2023. Foreign financial accounts include bank accounts, brokerage accounts, mutual funds, trusts, or other type of foreign financial accounts. Under IRC Section 5321 the maximum penalty for an FBAR violation is \$13,481 unless the violation is willful. For willful violations, the penalty may be the greater of \$134,806 or 50% of the balance in the account at the time of the violation, for each violation.

Starting from 2011, taxpayers with specified foreign financial assets that exceed certain thresholds must report those assets to the IRS on Form 8938.

Taxpayers living in the US

- **Single or Married Filing Separately:** Total value of assets was more than \$50,000 on the last day of the tax year, or more than \$75,000 at any time during the year.
- **Married Filing Jointly:** Total value of assets was more than \$100,000 on the last day of the tax year, or more than \$150,000 at any time during the year.

Taxpayers living outside the US:

- **Single or Married Filing Separately:** Total value of assets was more than \$200,000 on the last day of the tax year, or more than \$300,000 at any time during the year.
- **Married Filing Jointly:** Total value of assets was more than \$400,000 on the last day of the tax year, or more than \$600,000 at any time during the year.

FOREIGN-EARNED INCOME EXCLUSION

In 2022, a U.S. individual living abroad can exclude up to \$112,000 of foreign-earned income if the taxpayer satisfies either the bona fide residence test or the physical presence test. The exclusion applies separately to each spouse; as such, if both spouses are qualified individuals, the spouses when filing jointly may exclude up to \$224,000. A qualified individual is either a person whose tax home is in a foreign country and who is a U.S. citizen with a bona fide residence in a foreign country for an uninterrupted period which includes an entire taxable year; or a U.S. citizen or resident who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days in such period (physical presence test).

Please contact our office for more details.

PRINCIPAL RESIDENCE

Taxpayers may qualify to exclude income gained from selling primary residence (living at least 2 years out of the previous 5 years) up to \$250,000 of gain on sale of home if single (up to \$500,000 if married filing jointly). Please contact our office for more details.

PENALTY ISSUE FOR NOT HAVING HEALTH INSURANCE CONTINUE IN 2022

Beginning January 1, 2020, all California residents must have qualifying health insurance coverage unless they qualify for an exemption. Otherwise, nonexempt taxpayers without coverage must pay the state penalty. In 2022, it will be the higher of a flat amount of \$850 per adult person (\$425 per dependent child) or 2.5% of gross income that exceeds the filing threshold.

FIRST-TIME PENALTY ABATEMENT

For taxable years beginning on or after January 1, 2022, the FTB offers a first-time penalty abatement for individual taxpayers facing a late-filing penalty or late-payment penalty. The request may be made either orally or in writing, and abatement only applies to a timeliness penalty related to one taxable year.

Unlike the federal first-time penalty abatement which is available once every four years, the California penalty abatement is only available once in a lifetime. The federal first-time penalty abatement is available to both individuals and businesses, and qualified penalties include failure to file/timely file, failure to pay/timely pay, and failure to deposit. Federal first-time abatement requests may be made orally or by filing Form 843, Claim for Refund and Request for Abatement.

REINVESTED DIVIDENDS

Taxpayers, not updating mutual fund cost basis for dividends received and investing back into mutual fund in form of additional shares, will end up being double taxed. This is a common mistake that many taxpayers make. Reinvested dividends should be considered as additional purchases of stock at different prices. Please keep any related record.

CAPITAL GAIN (LONG-TERM)

Rate	Taxable Income Breakpoint (2022)			
	Single	Married Filing Jointly	Married Filing Separately	Head of Household
0%	\$41,675	\$83,350	\$41,675	\$55,800
15%	\$459,750	\$517,200	\$258,600	\$488,500
20%	No Breakpoint			

**Depending on the amount of adjusted gross income (AGI), net investment income tax (3.8%) can be added.

INVESTMENT INTEREST

If taxpayers borrow money to buy property for investment, interest that taxpayers pay is investment interest and is tax deductible. Deductible investment interest is limited to taxpayers' net investment income. Taxpayers are allowed to carry over disallowed investment interest deduction into next tax year.

INSTALLMENT SALE

Owner Financing (Seller Financing) or Installment Sale is a sale of property where at least one payment is to be received after the tax year in which the sale occurs. It allows for the deferral of gain recognition because the seller recognizes the gain over the taxable years in which the payments are actually received. This method does not apply to the sale of stock and bond.

CALIFORNIA MINIMUM WAGE

On January 1, 2023, the state-wide California minimum wage will rise to \$15.50 per hour for all employer sizes. Effective from July 1, 2022, the minimum wage in LA City is \$16.04 per hour and unincorporated areas of LA County is \$15.96.

PASS-THROUGH ENTITY ELECTIVE TAX

Qualified S Corp, partnership, or LLC taxed as partnership or S Corp doing business in CA may make an election to pay a pass-through entity elective tax on behalf of qualifying taxpayers for 2021 to 2025 tax year. The amount equals 9.3% of its qualified net income. This will decrease Federal net income on owner's K-1, and the owner will receive a CA tax credit equal to 100% of the state tax paid by the pass-through entity on behalf of its owner. Qualified taxpayers include individual, fiduciary, estate, trust, and disregarded single member LLC. For tax years 2022 to 2025, the election is made by making the first payment (which is the greater of \$1,000 or 50% of the elective tax paid for the prior tax year) by June 15 during the tax year of the election. The remaining amount must be paid by the due date of the original return without regard to extensions.

CALSAVERS PROGRAM

CalSavers is a state-administered Roth-like retirement plan that private employers must offer to their CA employees if the employer does not provide its own retirement plan unless a few conditions are met. IRS classifies CA's CalSavers program as Roth IRA.

For the newly eligible businesses starting in 2022, their registration deadline is December 31, 2022. For employers with 5 or more employees, their registration deadline was June 30, 2022. If not registered yet, those employers should register by December 31, 2022. Non-compliant employers will be penalized \$250 per employee upon the first penalty notice. Employers with at least 1 employee will be required to register by December 31, 2025. Religious organizations with 501(c)(3) exemption are not required to register.

NET OPERATING LOSS (NOL) MODIFICATION BY CARES ACT

For losses arising in tax years beginning January 1, 2021, it is 80% of taxable income to claim. Carryovers are allowed indefinitely (California NOLs can be carried forward up to 20 years).

1. NOLs generated in taxable year 2018-2020 can be carried back 5 years; and
2. 80% taxable income limitation created by the TCJA was suspended for 2018-2020 taxable years.
3. NOL treatment by year generated

Year NOL generated	Carrybacks	Taxable income limitation	Carryforward
Pre-2018	Federal: 2 years	Federal: 100% of taxable income	Federal: 20 years
	CA: 2 years for 2013-18	CA: 100% of taxable income	CA: 20 years
2018-2020	Federal: 5 years	Federal: a. Claimed on pre-2021 tax year return: 100% of taxable income b. Carried over to post-2020 tax year return: 80% of taxable income	Federal: Indefinite
	CA: Pre-2019 : 2 years Post-2018: None	CA: 100% of taxable income	CA: 20 years
Post-2020	Federal: None	Federal: 80% of taxable income	Federal: Indefinite
	CA: None	CA: 100% of taxable income	CA: 20 years

**Exception: Carryback of 2 years for insurance companies and farmers

AUTOMOBILE EXPENSE

The standard mileage rate for 2022 from January to June is 58.5¢ per mile and from July to December is 62.5¢ per mile. Taxpayers should keep a detailed mileage log for substantiation. Commuting mileage incurred while traveling from home to one or more regular places of business are generally non-deductible.

SECTION 179 AND SPECIAL DEPRECIATION

Section 179 allows business owners to deduct up to \$1,080,000 for purchasing equipment, and the phase-out threshold is \$2,700,000 in 2022. Qualified new or used equipment's bonus depreciation amount can be claimed as an expense up to 100% from September 28, 2017 to December 31, 2022. Bonus depreciation is reduced to 80% for qualified property placed in service during 2023 and will continue to drop 20% annually until it is phased out.

MEAL & ENTERTAINMENT

Client entertainment expense (sporting event tickets, theater tickets, golf outings, and yacht excursions) is non-deductible since 2018. Meals for employees are 50% deductible and meals for employees while traveling for business are 50% deductible.

Client meals, employee meals while traveling for business, and meals provided for the convenience of the employer are 100% deductible only until December 31, 2022 if provided by a restaurant. Further, holiday parties, company picnics, and other occasional employee appreciation events are 100% deductible. Taxpayers should keep related events and meals expense documents to claim the full deduction.

PENSION PLAN

Putting more money into retirement account is a good idea in terms of tax savings and getting ready for retirement early. Taxpayers should consult with tax advisors and financial advisors before starting a pension plan.

INCOME TAX AUDIT

SOURCE OF LIVING EXPENSE

When taxpayers' expenditures are greater than their reported income, supporting documents for source of fund, for their living expenses exceeding their income, are required.

SOURCE OF FUND

Taxpayers should have supporting documents for the source of funds of down payment used to acquire a real estate or business.

BANK DEPOSIT

When the deposit includes non-sale deposits, supporting documents, such as copies of cancelled checks and deposit slips, should be kept as your substantiation. Otherwise, they may be treated as additional income.

CHARITABLE CONTRIBUTION

Taxpayers who make charitable contributions equaling \$250 or more must have records and written receipt from the qualified organization. Taxpayers who make charitable contribution less than \$250 should keep canceled checks. Taxpayers donating an item or a group of similar items valued at more than \$5,000 must also complete Section B of Form 8283, which generally requires an appraisal by a qualified appraiser.

SEPARATE BANK ACCOUNT

Keeping separate accounts (business and personal) is always the smart thing to do. The proper way to transfer business income to personal account is either by paying yourself a salary and/or making a transfer as withdrawal/distribution to personal accounts.

CASH TRANSACTION

A currency transaction report (CTR) is a report that U.S. financial institutions are required to file for each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through or to the financial institution, which involves a transaction in currency of more than \$10,000. The bank will report to the IRS if any attempts known as structuring, which are intentional attempts to withdraw and deposit more than \$3,000 but less than \$10,000 to avoid CTR. A taxpayer must also report using Form 8300 if he/she received an aggregated amount over \$10,000 during a taxable year from a customer.

INCOME TAX AUDIT

FOREIGN GIFT

Gifts or bequests valued at more than \$100,000 from a nonresident alien individual or foreign estate or gifts valued at more than \$17,339 for 2022 from foreign corporations or foreign partnerships must be reported to IRS by filing Form 3520.

FORM 1099 FILING REQUIREMENT

A taxpayer may be subject to a penalty if he/she files a Form 1099 without meeting Form 1099 filing requirements. The penalty applies if taxpayers fail to file in a timely manner, fail to include all information required to be shown on a return, and/or include incorrect information. Penalty ranges from \$50 to \$280.

1) 1099 filing deadline

01/31/2023 for 1099-NEC,

02/28/2023 for 1099-MISC, DIV, INT, R, C, B, S

2) E-filing Due Date:

01/31/2023 for 1099-NEC,

03/31/2023 for 1099- MISC, DIV, INT, R, C, B, S

RECORD KEEPING

Bank statements, canceled checks, receipts, invoices and all other documents used to prepare income tax returns should be kept at least 4 years from the date tax returns were filed. When taxpayers acquire or sell property, whether business or personal, taxpayers should keep escrow documents and/or other documents supporting real estate transactions for at least 4 years from the date tax returns are filed.

AUDIT NOTICE

When taxpayers receive an audit notice, the first thing for them to do is contact their tax advisors. Sometimes auditors visit business site without prior arrangement. Taxpayers should always ask for proper identification, inquire about the reason for visitation and contact tax advisors before giving out any information to auditors.

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