

HLW TAX NEWSLETTER

JANUARY 2022



Due to the continued uncertainty surrounding COVID-19 we are unsure of what procedures we will have in place, or if we will offer in-person appointments. It is our responsibility to ensure that our environment is as safe as possible for our clients and our staff. We are very sorry for any inconvenience this may cause you.

Office Hours

Beginning January 31st through April 15th:

Monday through Friday 7:30am until 5:30 pm
Saturdays 9:00am until 3:00pm

There is no indication at this time that the IRS will extend any deadlines.

If the tax deadline had not been extended these past 2 tax seasons, many of our client's tax returns would not have been completed by the April 15th deadline. The date we select as our "Need all Information by date" is important for you to follow as we have planned our time accordingly.

Organizer and Questionnaire

Please wait to provide your engagement letter to us until you have most of the information that we need for your 2021 tax return. If you know you will need an extension you can provide us with just the signed engagement letter now, and we will file an extension for you.

The questionnaire portion of the organizer is a very important tool that can help us determine if you

qualify for certain tax credits and incentives. If you do not answer these questions, we will not ask you most of them and so it is possible that something important could be missed.

You do not need to provide us with your proof of support such as cancelled checks, receipts, etc. You do need to maintain this with your records in the event you were to be audited.

ALERT! If the IRS issued you an Identity Theft Protection PIN, please provide this with your other tax information. We have no knowledge or access of this number. You will receive a new PIN each year. Taxpayers can now opt-in to this program. The IRS encourages taxpayers to get a PIN to help safeguard their identity.

2021 Tax Tidbits

WAS NEW 2020: Under the SECURE Act, the beneficiary of an individual who passes away after 12/31/19, must generally withdraw the entire inherited IRA balance within 10 years. The Stretch IRA's have been eliminated. There are a few exceptions to this new law.

2021 Tidbits Continued

NEW 2021 & 2022: Meals are 100% deductible if provided by a restaurant. This does not include places that sell pre-packaged food not for immediate consumption, such as grocery, liquor, or convenience stores.

NEW 2021-2023: Any LLC's that organize or register with the Secretary of State in 2021-2023 will not be required to pay the CA \$800 minimum tax their first year.

For the education credits, the court has said a computer is NOT a qualifying supply for these credits. It is allowed as an eligible expense for Sec 529 distributions.

The category "Personal property tax" in the organizer is where you list your DMV auto license portion fee paid each year.

You can finalize and file your tax return early and the balance due deadline is still April 15th. Don't wait to file because you are not ready to pay. File early and pay by April 15th. If you cannot pay your taxes, then file on time and request an installment agreement.

There are a few myths we want to clear up regarding reporting income. #1 – If the income you received was less than \$600 you do not have to report it. #2 – If you did not receive a 1099 you do not have to claim the interest or dividends you received. Neither of these myths are true. Income you earn must be reported regardless if you receive a tax form. Income does not include earnings in a retirement plan. Retirement plan income is only claimed when you take a distribution.

You can now deduct up to \$300 (MFJ \$600) for a charitable donation made by cash/check or credit card, even if you take the standard deduction! As always you must have support for this deduction.

For Non-Cash donations (used items to Goodwill, etc.) we may need more information! If your total donations of this type are \$500 or less, just let us know the total value. If your total donations of this type exceed \$500, please provide us with completed receipts! Remember the value of your donation is NOT what you paid for it. The FMV (fair market value) is what they would sell it for in a thrift store.

Tips for Our Paperless Clients:

We must be able to enlarge and clearly read each document that you upload to Link or email to us. PDF is the best method to use.

Please save your documents and your PDF copy of your tax returns in your computer/cloud storage (such as the Intuit Link portal) that you always have access to. We are not always available in office to send them to you when needed.

Please do not send answers and/or documents one page/email at a time. Please attach all documents to one email.

If one document such as a consolidated 1099 provides more than one category of information you do not need to attach the same document more than once.

It is not necessary for you to scan each document one at a time. You can just scan as one continuous file and email or upload in Intuit Link.

To access your Intuit Link portal with us at Intuit, go to <https://link.intuit.com>. If you have a problem with your account, please contact Intuit.

Regular Hours from April 15 through the end of 2022:

Monday through Wednesday 8am until 4pm.

We look forward to working with you again this year! Thank you for allowing us to be of service to you.