

AFFIRMATIVE BUSINESS SOLUTIONS

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To Current & Potential Clients,

I hope you all are doing well! Enclosed are some important updates as we prepare for the 2021 Tax Season. I know this is a lot of information, but please take the time to read it as I am certain it will help you in the upcoming months.

I know we have all been struck hard by the COVID-19 pandemic and with uncertain times, I want you to be aware of all available options to you and your family to complete your taxes in a timely manner.

1. For 2021, ABS will be appointments only beginning February 1, 2021. I understand this may be an inconvenience, but it is to ensure the ability to stay open and active.
2. ABS will be conducting the following types of appointments:
 - a. In Person
 - b. Telephone Conference (NOT AVAILABLE FOR NEW CLIENTS)
 - c. Zoom Meetings
3. The IRS is pushing tax preparers to use portals for document transfer for tax purposes to increase security measures. ABS is still putting the final touches on this portal and will be sending out additional information regarding these.
4. Tax returns are completed on a first come first serve basis. Please understand that if you need it completed faster, additional fees may apply.

I am working extremely hard to ensure a quick and accurate turnaround of tax returns. 2021 will be a difficult year regarding taxes. Please be patient with us and understand that with the IRS being so far behind, it will take a little while to get everything back on track.

We are looking forward to seeing everyone in the new year!

Thank you!



Ashton Johns

APPOINTMENT TIMES AVAILABLE ON OUR WEBSITE OR YOU ARE ALWAYS WELCOME TO CALL THE OFFICE

2020 TAX UPDATES

Everyone can get a tax deduction of \$300 for 2020 for charitable contributions even if you do not itemize your deductions. If you need to know some awesome non-profits to donate to let me know.

IRS is **increasing the identity checks** this year and are only going to get worse in 2021, so if I ask for additional back up, ***please do not get mad***. They have also increased cyber security requirements.

Increase in standard deduction amounts for 2020. This means your itemized deductions need to be more than the base amount to file a Schedule A. If you need to know what deductions are included on the Schedule A, please do not hesitate to ask.

IF your filing status is...	Base Amount	Additional Amount for Blindness or Over Age 65
Single	\$12,400	\$1,650
Married Filing Jointly	\$24,800	\$1,300
Married Filing Separately	\$12,400	\$1,300
Head of Household	\$18,650	\$1,650
Qualifying Widow(er) with Dependent Child	\$24,800	\$1,300
Dependent of Another	\$1,100 (or Earned Income + \$350)	\$1,300 (\$1,650 if single or HOH)

Unemployment benefits are taxable income. Due to the COVID-19 epidemic, the federal government issued the benefit amounts of \$600 (which later decreased to \$400) in addition to the weekly amount individuals qualified for. While this was an amazing “right now” solutions, come tax time it might not be. This additional income could have moved you into a different tax bracket. If you had federal AND state taxes withheld, it will help, but if you opted out of withholdings, ***you could be in a bind come tax time***.

The amount of the stimulus checks – aka economic impact payment (EIP) – aka recovery rebate credit (RRC) – most of us received from President Trump is **REQUIRED to be entered** on the 2020 Income Tax Return. If you did not receive the correct amount due to income changes, additional children, or not receiving a payment at all, there will be an option to correct this on the 2020 return. If additional amounts are owed to you, they will be refunded to you with your overpayment in your tax refund or applied to your tax debt if necessary. Remember, this is non-taxable income and, in most cases, if an overpayment was received, you will not be required to pay it back, however there are certain circumstances that will require funds to be reimbursed to the federal government.

2020 also brought in new tax forms leading to new forms in 2021 (1) New W-4 for wage withholdings for employees. While this was designed to place more money in individuals’ pockets throughout the year to correspond with the new withholding bracket, it could be harmful to some. Tax planning should be the top of your list if you notice less withholding from your check than the previous year. (2) Non-employee compensation will not be reported on a 1099-MISC for 2020. Instead, these will be report on a 1099-NEC so do not throw them away when you get them.

2021 IRS due dates could change at any time. A lot of clarifications for the assistance businesses, independent contractors, farmers, property owners, and even individual taxpayers are still being debated in congress. Most forms and returns will be delayed until these clarifications have produced a ruling by Congress.

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