

Happy New Year, January 2022

First, and most important, we hope that all of you are healthy and staying safe in these difficult times. We are grateful that you decided to continue to work with us remotely. Many of you have asked about the wildfires in Colorado. We were fortunate that the fires stopped about 5 miles from us; all we had was terrible smoke. Many others were not so lucky.

This year we again have REQUIRED QUESTIONS ON OUR CHECKLIST - please everyone fill out the entire checklist.

The IRS requires us to provide them with the total amount of the **3rd stimulus payment** that you received (also called Economic Impact Payment). This amount should have been **\$1400 times the number of people on your tax return** (all dependents included). If your income was too high, you may have received a reduced amount, or none at all. The IRS should mail you Form 6475 to give you the amount of the payment. There are other **required questions** and they are listed on the checklist.

If you received the **Advanced Child Tax Credit** (monthly payments), we will need the total amount of payments you received in 2021. The IRS should mail you Form 6419 to give you that amount. The **Child Tax Credit can now be up to \$3000 (\$3600** for a child under the age of 6). For 2021, the credit ends the year the child turns 18 (it previously ended at age 17). Those paying for **Child Care** will be happy to know that the Child Care Credit has been greatly increased for 2021.

You can now **deduct up to \$600 in charitable donations (monetary only)**, without itemizing, on a **Married Filing Jointly** tax return, (\$300 for unmarried).

There is **no longer an age limit for traditional IRA contributions** (no age limit on a **Roth** either); you can make an IRA contribution at any age as long as you have earned income. The age to begin taking **Required Minimum Distributions has been increased to age 72**.

Earned Income Credit is increased and the age limit is eliminated for EIC recipients with no children.

In 2021 and 2022, **Business Meals** at, or from, a restaurant are 100% deductible, instead of the usual 50%. All **businesses** and **landlords** are required to file the **new Form 1099-NEC by January 31** for any person (not corporations) who is **paid \$600 or more** as an **independent contractor**. The **standard mileage rate** was 56 cents per mile in 2021, and will be 58.5 cents in 2022. A new law, beginning in **2022**, will result in many **small internet businesses receiving Form 1099-K**, which reports your **total Credit Card revenue to the IRS** (eBay, Paypal, etc).

Please DO NOT put your SS number or other sensitive information in emails or attachments; it is not secure. Please use our **Secure Portal** whenever possible. The web address for our Secure Portal is <https://glindatax.securefilepro.com> (type it in the web browser, not the search bar). If you do not remember your password, we can re-set it if you send us an email. When using the portal, we much prefer all documents to be in one scan, if possible, rather than many single scans. If you must send single scans, it is better for us if you label what is in the scan. Please look at your scans before sending them to see if they are legible. Please send us an email when you put any documents in the portal, especially **signed e-file forms**; we do not necessarily know when you have done that.

IF YOU CLAIM COLLEGE TUITION CREDITS, FORM 1098-T IS REQUIRED. The college or trade school provides the 1098-T to the student, not to the parents, so please alert your child to look for it. Illinois offers a credit for grades K-12 tuition, book rental fees, and lab fees.

A **Driver's License** number (or **state ID**) is now required to be entered into the tax return; if you renewed your license in 2021 we will need a copy. If you have **sold investments**, please review your

documents to see if cost basis is provided. If you receive a **1099-B, you sold an investment**. Please ask your stockbroker to prepare the cost basis for you; they should do it for free. The **alimony deduction has been eliminated** for new divorces, as has the requirement to take the alimony payment into income (divorce agreements starting in 2019 and after).

Please remember that the recent tax laws **eliminated all deductions for W-2 workers** (mileage, supplies, union dues, office-in-home, etc.), so we do not need any of those amounts. But, these deductions still apply to self-employed workers. The **Obamacare penalty** for not having health insurance has been **eliminated**, so, proof of insurance is no longer required. But, if you received an **Obamacare subsidy**, we still need **Form 1095-A**. Medical expenses must exceed 7.5% of your income to be deductible. Also, the donation boxes in the parking lots of shopping malls may not be official charities. If you leave your donation in one of the shopping mall boxes the IRS might not accept it (plus you have no receipt). Any **single charitable contribution of \$250** or more must be documented by a properly written letter from the charity.

Both the IRS and the states have frequently **delayed issuing refunds**, often due to processing delays for Covid. There is also more scrutiny for Identity Theft. Once the return is e-filed, it is out of our hands. Usually, we do not know why it has been held up. We do not have any special contacts or insights into what the taxing body is doing. **Illinois has sometimes delayed refunds until the taxpayer proves the amount of RE tax paid** in order to claim the IL Property Tax credit.

When paying a balance due on your tax return **we recommend paying online by IRS Direct Pay**. Otherwise, you should use **Registered Mail**, or **credit card**. Recently, the IRS won a court case overturning the old “**mailbox rule**” (which said that the postmark dictates whether the payment is timely filed). The IRS now holds that, **if payment is not RECEIVED by the due date, the taxpayer must prove that it was timely filed** to avoid a penalty. Even if your payment envelope was postmarked before the due date, you cannot prove it by using regular mail. So, use **IRS Direct Pay** or **Registered Mail** to avoid this problem. As of now, **Illinois is still using the postmark date**, but we still recommend Registered Mail for IL payments.

Seniors: Be aware of the **Illinois Senior Homeowners Exemption** and the **Senior Freeze** on your real estate tax bill. Anyone taking **Required Minimum Distributions from their IRA** who wishes to make a large Charitable Contribution may be better served by instructing the custodian to donate the RMD directly to the charity of your choice. This is called a **Qualified Charitable Distribution**.

Referral Discounts are still available. Please ask for a price quote for new clients, as the price of their return may differ from yours. **Simple tax returns for dependent children will be \$40** this year, but will include Direct Deposit. Your completed tax return will be sent back to you in the same manner as the documents were sent to us, i.e., if we received your documents via the portal, your completed tax return will be placed in the portal. If you mailed or faxed it to us, we will mail it back to you.

Thank you again for your loyalty, and stay safe.

Greg and Linda Ganster

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