TAX SEASON IS HERE!

GATHER tax documents such as W2s, 1099s, earned interest, rental property, etc. in a safe place such as a simple folder labeled 2020 Tax Documents.

THINK about contributing more dollars or even starting a Roth or Traditional IRA. You can contribute funds to IRAs up until April 15th to count for 2020 savings and contributions.

DOCUMENT deductions. Check out evansandwoulfe.com for guidance on what you can deduct and other checklists to help you get ready. Note that the IRS won't accept a credit card statement as proof of payment—KEEP RECEIPTS.

LIFE CHANGES: Did you get married this year? Have a child? Start a business or buy a home? We will want to know about any major changes, so we can help you understand how it affects your taxes.

DUE DATES FOR FILING

- **Partnership - March 15th**
- **S-Corp - March 15th**
- **C Corp - April 15th**
- **Fincen/FBAR - April 15th**
- **Personal - April 15th**

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NEW MILAGE RATE

2021 auto mileage rate decreased to 56.0 cents from the 2020 rate of 57.5 cents. TIP: Use MileBug or MileIQ apps to track miles.

THE IRS WILL NOT CALL!

The IRS continues to warn consumers to guard against phone calls from thieves intent on stealing your money or identity. If you receive a phone call, DO NOT GIVE OUT ANY INFORMATION, call us and we can advise if it's a scam.

REFER A FRIEND GET $25

If you are a current client and have been happy with our tax service, why not share your experience with a friend? And, as our way of saying THANK YOU, we will send you a $25 referral gift card.

CALL US TO SCHEDULE YOUR APPOINTMENT TODAY!

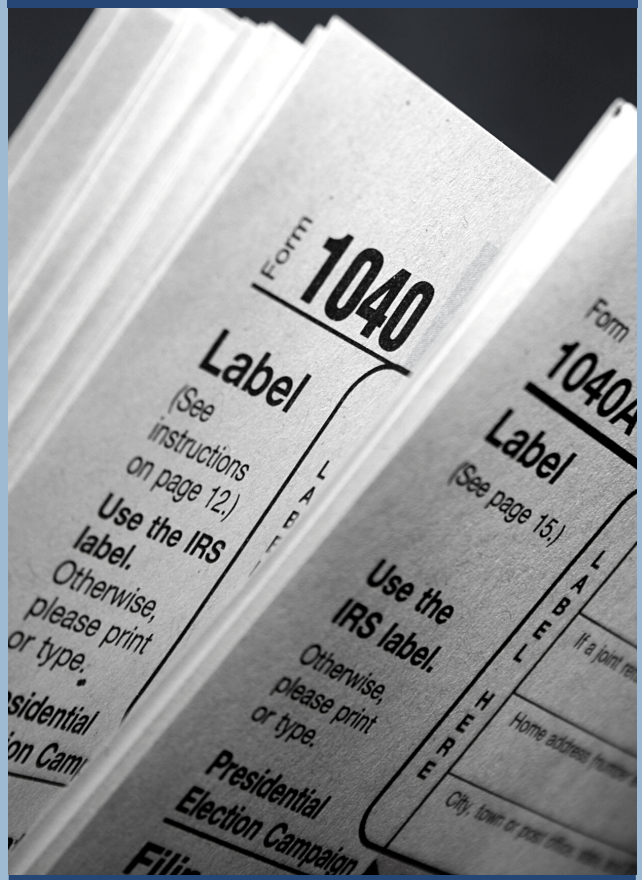
630-510-0415

Arrange to send us your documents through our secure "client portal", via your preferred delivery carrier such as the United States Postal Service, FedEx, UPS, or personally drop off your documents.

2020 TAXES

Evans & Woulfe
ACCOUNTING, INC.

Let us help you save money!



CALL OR EMAIL US TODAY!
630-510-0415
office@evansandwoulfe.com

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TAX CHANGES HIGHLIGHTS

SECURE ACT

- The beginning age for taking required minimum distributions rises to 72 from 70½. This easing applies to account owners who turned 70½ after 2019.
- Employees who work past age 72 can delay taking RMDs from the 401(k) plan of their current employer until after they retire.
- Owners of traditional IRAs can now make contributions past the age of 70½. Repeal of the 70½ maximum age applies to contributions made for 2020 or later.
- There's a tightening on inherited IRAs and workplace retirement accounts. Many need to be cleaned out within 10 years of the death of the IRA owner or 401(k) participant.
- Folks having a baby or adopting can take payouts from IRAs and 401(k)s of up to $5,000, without having to pay the 10% fine for pre-age-59½ withdrawals.

CARES ACT (March 2020)

- Stimulus Payments or economic impact payment (EIPs) - gave qualified single adults a one-time payment of $1,200. Married couples who filed jointly received $2,400 total ($1,200 apiece). Families received $500 payments for eligible dependent children.
- Unemployment - program offered workers an additional $600 per week for four months, on top of what state programs pay. The deal applied to the self-employed, independent contractors, and gig economy workers.

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CARES ACT (March 2020) - CONTINUED

- Waived the 10% early withdrawal penalty for distributions from retirement funds up to $100,000 for COVID-related purposes, retroactive to Jan. 1. Withdrawals are still taxed, but taxes are spread over three years, or the taxpayer has the three-year period to roll it back over.
- 401(k) Loans - the loan limit is increased from $50,000 to $100,000.
- Required Minimum Distributions from IRAs and 401(k) plans (at age 72) are suspended.
- Charity - there is a new provision that provides a $300 above-the-line deduction for charitable contributions.
- Small Business Relief - companies with 500 employees or less can receive Payroll Protection Plan (PPP) loans. If employers maintain payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven.
- Net Operating Losses - the Tax Cuts and Jobs Act (TCJA) net operating loss rules are modified. The 80% rule is lifted, and losses can now be carried back five years.

COVID RELIEF ACT (December 2020)

- Stimulus Payments - 2nd Round (EIPs) gave single adults a one-time payment of $600. Married couples who filed jointly received $1,200 in total ($600 apiece). Families received an additional $600 for each eligible child under 17.
- Reduced medical expense deduction floor, allowing individuals to deduct out-of-pocket medical expenses that exceed 7.5% of adjusted gross income (rather than 10%).

COVID RELIEF ACT (December 2020) - CONTINUED

- Tax Credit Lookback - provides a temporary provision allowing eligible taxpayers to use 2019 earned income to determine the Earned Income Tax Credit as well as the refundable Additional Child Tax Credit for 2020.
- Charitable Deductions for 2021 - Taxpayers who do not itemize:
  - Single filers can deduct up to $300 of 2021 charitable contributions.
  - Married file jointly, increases the amount of deductible charitable contributions from $300 to $600 for 2021.
- PPP Loans:
  - Forgiven PPP loans are not included in a taxpayer's gross income.
  - Deductions are allowed for otherwise deductible expenses that are paid with funds from a forgiven PPP loan.
- Temporarily Allows Full Deduction for Business Meals: The Act provides that business expenses for food and beverages are fully deductible (rather than 50% deductible under current law) if such expenses are paid or incurred in 2021 or 2022. The full deduction applies to food and beverage expenses that are provided by a restaurant, but expressly excludes business "entertainment" expenses.
- The Act extends the increased limit for corporations under the CARES Act on deductible charitable contributions for 2021.
- The Act extends refundable payroll tax credits for paid sick and family leave.
- Expands and extends Employee Retention Tax Credit ("ERTC") through June 30, 2021.

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