

The CARES (Coronavirus Aid, Relief, and Economic Security) Act

Here is important information to help you navigate the CARES Act:

1. Stimulus Payment

\$1,200 per taxpayer not claimed as a dependent and \$500 for each child under age 17. You will not have to pay back excess, but if you didn't receive the full amount, you may be eligible to receive more. Bring us your Notice 1444, Economic Impact Payment, with your tax records.

2. Unemployment Benefits

If you were laid off and collected unemployment funds, they are taxable and you will receive a Form 1099-G. Please bring this in with your tax records.

3. Charitable Donations

If you don't itemize, this year you are allowed a \$300 deduction for a charitable donation.

4. Payroll Protection Payment (PPP) Loans

If you received a PPP Loan, make sure you get your Forgiveness Application submitted if you haven't already done so. If you owe a portion back on this loan, please inform me of this.

5. Required Minimum Distribution (RMD)

These have been waived for 2020. For those who reached age 70½ after January 1, 2020, your first RMD will be in the year you turn age 72.

About Us

Welcome to our first newsletter! We value this opportunity to share important information with you on tax and financial-related topics. If you haven't stopped in our office recently, please be aware that this summer we moved down the hall from our old location. For your convenience, you can park on the south side of the building and use the south entrance. We are the first door on your left. Office hours remain the same from 8:30 a.m. – 5 p.m., and closed over the lunch hour from noon to 1 p.m. Please note if you have an item to drop off but our office is closed, or if you wish to use contactless drop-off, you can place your item in our convenient and secure drop-off bin outside our door. We also have a secure online portal available to you. From this portal, you can share documents with us electronically. If you are interested in setting this up, please contact us. Please be assured, we have health and safety measures in place in our office to protect our visitors and staff during this challenging time.



Education

1. Student loan interest of up to \$2,500 is deductible.
2. The American Opportunity Credit is available for tuition, fees, and books in your first four years of college.
3. The Lifetime Learning Credit is available for qualified tuition expenses. There is no limit of years for this credit.

These credits and deductions do phase out and become unavailable for higher income earners. Please remember to bring us your 1098-T, Tuition Statement, with your tax records.

Retirement and Health Spending Accounts (HSAs)

Maximum contributions for HSAs and retirement plans are as follows:

- IRA: \$6,000; \$7,000 if over age 50.
- Simple IRA: \$13,500; \$16,500 if over age 50.
- 401(k): \$19,500; \$24,500 if over age 50.
- HSA: \$3,550 – self only; \$7,100 – family.



Health Insurance Reminder

Please remember to bring us your Form 1095.



JENNIFER EATON
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» Business Topics

1099's – This year, contract labor is required to be reported on Form 1099-NEC rather than Form 1099-MISC. You will still need to use Form 1099-MISC for rent. 1099s need to be issued to those paid more than \$600 for rent or services.

Bonus Depreciation – For 2020, bonus depreciation will continue at 100%.

Section 179 – This can be used to expense up to \$1,040,000 of eligible property. Spending more than \$2,590,000 on qualified property will reduce this deduction.

Section 199A Deduction – Through this deduction, the Internal Revenue Code continues to offer up to a 20% deduction of income from each qualified trade or business.

Wages and Social Security – The new Social Security cap on wages changed from \$137,700 for 2020 to \$142,800 for 2021.

Mileage Rates for 2020

Business	57.5 cents
Medical	17 cents
Moving	17 cents
Charity	14 cents

Table of Standard Deductions

Married Filing Jointly	\$24,800
Single	\$12,400
Head of Household	\$18,650
Married Filing Single	\$12,400

2020 Federal Income Tax Brackets

Rate	Single	Married Filing Jointly or Qualifying Widow(er)	Married Filing Separately	Head of Household
10%	Up to \$9,875	Up to \$19,750	Up to \$9,875	Up to \$14,100
12%	\$9,876 - \$40,125	\$19,751 - \$80,250	\$9,876 - \$40,125	\$14,101 - \$53,700
22%	\$40,126 - \$85,525	\$80,251 - \$171,050	\$40,126 - \$85,525	\$53,701 - \$85,500
24%	\$85,526 - \$163,300	\$171,051 - \$326,600	\$85,526 - \$163,300	\$85,501 - \$163,300
32%	\$163,301 - \$207,350	\$326,601 - \$414,700	\$163,301 - \$207,350	\$163,301 - \$207,350
35%	\$207,351 - \$518,400	\$414,701 - \$622,050	\$207,351 - \$311,025	\$207,351 - \$518,400
37%	\$518,401 or more	\$622,051 or more	\$311,026 or more	\$518,401 or more

Source: <https://www.irs.com/articles/2020-federal-tax-rates-brackets-standard-deductions>

It's important to remember that moving up into a higher tax bracket does not mean that all of your income will be taxed at the higher rate. Only the money you earn within a particular bracket is subject to the corresponding tax rate.



You May Have Received an Interest Payment from the IRS

Taxpayers who received a federal tax refund in 2020 may have been paid interest. The IRS sent interest payments to individual taxpayers who timely filed their 2019 federal income tax returns and received refunds. Most interest payments were received separately from tax refunds. Interest payments are taxable and must be reported on 2020 federal income tax returns. In January 2021, the IRS will send a form 1099-INT, Interest Income, to anyone who received interest totaling at least \$10.