

December 2021 >>>

PSC Accounting & Tax Service LLC
1200 E Woodhurst Building C
Springfield, MO 65804
P: 417-881-1040
Psc101@aol.com



Tax Updates

Things to know >>>

Virtual currency is a top question! The IRS wants to know if you received, sold, or exchanged any virtual currency. All sales should be reported as capital gains. If a hard fork happens and you received new crypto, this is taxable income!

Medical expenses that exceed 7.5% of the AGI can be itemized. Medical mileage is 16 cents.

Monetary charity donations up to \$600 MFJ or \$300 for all other returns can be deducted without itemizing. Charity mileage is 14 cents.

A new 1099K for 2022 will come to those individuals that have more than \$600 in payments from third parties for the provision of goods or services such as ebay, paypal, etsy, etc. If this affects you, you may want to bring it up in your tax consultation!

100% deduction for business meals for 2021 and 2022, with limitations of course.

The 3rd stimulus payment of generally \$1400 came out at the beginning of 2021. We will need to know what you received to reconcile your amount to your tax return.

There are still piles of returns waiting to be processed at the IRS so patience will have to be a virtue!

American Rescue Plan Child and Dependent Care Credits

The American Rescue Plan Act (ARPA), enacted in March 2021, changed a few limits in relations to the credits for children. . Dependent Care Credit and Child Tax Credit both increased and became fully refundable for 2021 only with income limitations.

The **child tax** for the tax year of 2021 is \$3000 per child under age 18 or \$3600 per child under age 6. This credit is fully refundable for 2021 only. It is phased-out with income levels above \$75k for Single taxpayers, \$112k for Head of Household and \$150k for Married Filing Joint Taxpayers. As we all know this year, the IRS was paying 50% of this credit in advance starting in July. This, Advance Child Tax Credit, as we call it are early payments from the IRS based on 50 percent of the estimated amount of the Child Tax Credit that they expect you to properly claim on your 2021 tax return during the 2022 tax filing season. If the IRS had processed your 2020 tax return, these monthly payments started in July and went through December 2021, based on that information. If you opted out of the advance, you can claim the full credit on your 2021 tax return when you file your return. If you took the advance, you will need to bring in form 6419

And we will have to reconcile the amount received early with the amount that you are entitled to based on income from this year as well as dependents being claimed this year. Your advance will not be taxable to you, however, if you received too much based on what you were allowed, you may have to pay back the advance if you no longer qualify for the anticipated amount. Some may qualify for repayment protection based on Modified Gross income. This means, to not repay any advance back, your income for a Single filer must be below \$40k, \$50k for Head of Household and \$60k for Married Filing Joint. The child tax credit this filing year can be claimed even if you have zero taxable income! So, even filers with dependents that normally don't file could file and get a return. **Dependent Care Credit** also has an increase this year to \$8000 per child for child care or \$16000 total for two or more children. This credit is refundable and based on income as well.

finalthoughts...

What to say about Two Thousand and Twenty One..... challenging, heartbreaking, hard, difficult, testing, rewarding, gratifying.. Basically, pick your favorite adjective.

When I say pick an adjective, I mean this year really took me for a ride. As most of you know, the angels took Betty from us in March and that hurt my heart more than any of you could know. With that being said, my staff came together and rallied on through the impossible IRS changes and losing our best friend.

My Cale is now as tall as I am. From his room, you hear piano and classic rock from his guitar blaring! (Note to almost teenage parents-don't punish them by taking away the door!) The kid who never puts himself out there did his first talent show this year and made his mama proud. He is in robotics, science and math clubs, as well as getting his 2nd degree blackbelt. That kid is on fire!

Speaking of setting the world on fire, my Tenley! This girl has more spunk or fire in her tiny little body than I could ever imagine. Her passion for dance, martial arts, singing, and acting is so inspiring. She loves so deeply, especially her boyfriends...all of them. You can put in an application, as she would say, but there is a wait. Lol. This one....there are no words.

Not in my hands, choose your battles and shake your head and smile are the life lessons I learned this year. My OCD still hates that I can't be in control of everything! Choosing my battles has made me decide which things are more important to fight for this year. And well, with Tenley you just got to shake your head and smile.



Standard Deductions >>>

Single	\$12,550
Married Joint	\$25,100
Head of Household	\$18,800
Married Separate	\$12,550

Additional amount for blindness or over 65 if

Single or Head of Household \$1700 or

Married Joint/Separate \$1350.

Contact us at **417.881.1040**

pse101@aol.com  

What to Bring>>>

All 1099, W2 or K1 forms from business, investment or estates

All 1095A Health forms

1098/1099 Forms from Brokers, Interest, Dividends, Mortgages
Student Loans, PayPal, or any Misc Income

Gambling W2G and proof of gambling expenses

Social Security Cards and Drivers Licenses

Form 6419 For Advanced Child Tax Credit

Foreign Earned income/Virtual Currency Documents

Any other important tax document or important looking form!!

Proof of children in the household

Paid Real and Personal Property Taxes

Names, ID Numbers, Address of Child Care Provider(s)

Tuition 1098T forms, College Books and 529 Plans

Deposit Slip for Direct Deposit

Amount Received on 2021 Stimulus

Documentation for Charity, Medical, Business or Farm

PSC Accounting and Tax Service is a full service tax and small business accounting firm that is open 6 days a week during the tax filing season and remains open 4 days a week the rest of the year . We appreciate the support of our clients and love that we have built long standing relationships with you. We appreciate that out of all the choices you have to do your taxes, you continue to chose us!