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## Putting an end to 2020!!!

*"I appreciate out of all the choices you have to do your taxes, you chose me!"*



### Deductions:

Married Joint \$24,800  
Head of Household \$18,650  
Single/Married Separate \$12,400  
Child Tax Credit \$2000  
Dependent Credit \$500

### Housekeeping Notes:

We are required by law to ask you if you have Foreign Bank accounts and Virtual Currency. It does not affect your return, unless you traded or sold your currency or had a foreign account over \$10K at anytime in 2020.

We are also required to show proof, that your child is your child and that they lived in your household. This has not changed from previous years.

**The Cares Act of 2020** put emergency assistance out there for families and businesses affected by the 2020 Pandemic. The Act is long and detailed, but we will hit on some of the individual taxpayer highlights below.

One of the main things the Cares Act did was to put a **Recovery Rebate** in most people's hands. If your income was \$75k single or \$150K married, you were eligible for a \$1,200 rebate per individual. If you had dependent children under age 17, there was an additional \$500 per child. Although, this is not taxable on your 2020 return, we will need to know the exact amount received to reconcile the credit and to see if you qualify for additional. Notice 1444 you received after deposit of funds will help verify this amount.

Special rules for retirement funds also changed in the act for 2020. Normally, when you take an early distribution from your retirement plan, you are hit with a 10% penalty if you are under age 59 ½. However, the penalty is being waived for withdrawals up to \$100k for CORONAVIRUS-RELATED purposes. You will pay taxes on distribution, or you can opt to pay taxes on it over three years. The conditions for no penalty are you, spouse or child was diagnosed with Covid-19 or you experienced adverse financial hardships from being quarantined, furloughed, laid off or having your work hours reduced. All other reasons will still pay penalty as well as taxes.

Required Minimum distribution rules were also waived for this year. If you were over age 72 or are normally required to take a minimum distribution, you could suspend that for this year while the stock market was down.

The government asked us to continue to support charities during the time when needed most in the pandemic. The Cares Act adds up to **\$300** deduction to your standard deduction for a monetary donation to any qualifying charity. This does not include non-cash donations, but please bring **your charity receipts regardless of if you itemize to claim credit!!**

Unemployment was huge during this year! It is taxable income, so please send your 1099 from the state you drew in. There was an additional \$600 a week bonus from the federal government paid out as well. These amounts should be included in the total pay from the state.

## What to bring>>>

- ✓ All 1099, W2 or K1 forms from businesses, investments, estates
- ✓ All 1095 Health Forms
- ✓ 1098/1099 from brokers, interest, dividends, mortgages, student loans, pay-pal or misc income
- ✓ Gambling W2G/ expenses
- ✓ Social Security Cards
- ✓ Driver's Licenses

- ✓ Proof of children in household
- ✓ Paid real and personal property taxes
- ✓ Names, ID numbers & address of child care providers
- ✓ Tuition 1098T forms, college books
- ✓ Deposit Slip for direct deposit
- ✓ Documentation for charity, Medical, Business or Farm
- ✓ Any other important looking form.....



**PSC Accounting and Tax Service LLC** is a full-service tax and small business accounting firm that is open 6 days a week during the filing season and 4 days a week the remainder of the year. We appreciate the support of our clients, love that we can call you friends and value our long-standing relationships.

**The Secure Act** was designed to help American's save for retirement and changed some of the rules regarding retirements. Please note these bullet

1. Repealed the maximum age for Traditional IRA Contributions
2. Changed age for required minimum distributions from 70 ½ to 72
3. Eliminated Penalties for withdrawals for birth or adoption up to \$5000 per child
4. Repealed prior Kiddie tax rules-for 2020, a child's unearned income is taxed at the parent's rate
5. An inherited beneficiary retirement must be emptied within 10 years instead of spreading it out over beneficiary's life expectancy

## FINAL NOTE>>>

Two thousand and twenty has been every emotion you can possibly consider. Heartbreaking and Mentally Challenging are my most often used this year. Personally, I saw some of my small businesses have to shut their doors. We lost so many strong people due to the pandemic and we watched others struggle with this terrible virus. However, times like these remind us to squeeze our loved ones tighter from now on, maybe call your loved ones more just because and for god sake, do not take a single day for granted.

My sweet boy is now twelve! He is still active in church and martial arts, but has now found a love of music! That kid learned more instruments this year and I have been listening to the sweet sounds of guitar screeching, banging drums and these crazy little bells! He has also found a renewed love for school and his teachers, as I think Mama teaching was nearing him to the edge of a cliff. And, to be honest, me teaching 5<sup>th</sup> and 6<sup>th</sup> grade, was about to put me there as well! (Be sure to thank your child's teachers... lord knows they deserve it!) All in all, I got some quality time with this kid this year and found a love for kayaking and hiking away from people.

Tenley. What is there to say about this girl. She has not lost her passion or enthusiasm (we call it sass) for life even through the constant reminders of sanitizing and pull your mask up reminders. Home schooling this one was ....challenging. Her energy far exceeds my mental capacity on most days. This girl can talk from sun up to sun down all the while doing ballet spins, martial arts kicks or riding her bike. She is a force and I wouldn't change one single bit of this independent girl.

This year reminded me of valuable lessons once again. You can- not take for granted anything. You can- not control life, people in it or God's plan. My OCD tries so hard to do so! I want you to know how much I value my clients that over the years have become friends. I appreciate that out of all the choices you have to do your taxes, you continue to use PSC.

Stay safe and stay well and we will see you soon.

