



Season's Greetings and a Happy New Year to all of our clients

2020 has been a difficult year as a result of the Covid 19 pandemic. We were prepared and by and large conducted business in as normal a fashion as was possible. Going into 2021 we are ready to handle your business either by appointment, drop off, or via fax, email or by the postal service – whichever manner suits you best. The IRS were also hampered by the pandemic and response times have been much slower than usual and unfortunately will remain slow for 2021.

I would like to touch on some of the issues that arose through the CARES Act which was passed in 2020 to bring relief to taxpayers as a result of Covid.

Stimulus

So there was a stimulus payable to taxpayers in 2020 based on their AGI (adjusted gross income) for either 2018 or 2019. If their AGI was above \$75,000 single, \$112,500 Head of Household or \$150,000 Married filing jointly then the stimulus would begin to phase out. However if your 2020 tax year AGI is lower and no stimulus was received in 2020, then taxpayers are eligible to receive a stimulus payment based on their 2020 tax return. If that is the case, then the sooner you file the quicker your stimulus should be issued. The stimulus checks are not taxable.

Unemployment.

Just to clear up any confusion all unemployment payments are taxable which does include the extra \$600 payments which were part of the Covid relief. It is possible that this will lower the Earned Income tax credit in some cases which would reduce any refund.

Retirement.

There were several adjustments as follows:-

- 1) 10% early withdrawal penalty has been dropped for 2020 for withdrawals from IRAs or 401Ks for those under age 59 ½ provided they were affected by the pandemic. Reasons would include being furloughed or laid off, adhering to quarantine orders, business closures, day care unavailable or suffering from Covid.**
- 2) Any covid related distributions from a retirement account are subject to the federal income tax being paid over a three year timeframe beginning with the 2020 tax return. The state tax would all be due in 2020.**

3) Relief for RMDs. The RMD requirement was suspended for 2020. Also for those people turning 70 ½ in 2020 or later, the RMD does not have to be taken until April 1st of the year after you reach age 72.

Charitable deductions.

You are allowed a \$300 qualified charitable donation that can be claimed against your gross income – in other words it need not be itemized.

Tax Filing season starts on January 27th this year. We can prepare your taxes before but then e-file them on the 27th.

Now here are some general points.

- 1) Make sure you bring in your Drivers Licenses if they have expired or if you received new ones in 2020.
- 2) Many clients are using the convenience of the electronic payment option for paying their taxes for Federal and State and for estimated tax payments for Federal. NYS still requires that the taxpayer go on their web site to set up estimated tax payments. We can file your tax anytime after January 27th and schedule to debit your bank account for the tax owed for April 15th. We encourage you to use this payment option as there are no lost checks or lost mail issues.
- 3) Make sure we have your correct checking or savings bank account both for tax refunds as well as for tax payments. If you changed your bank accounts we would like to make a copy of your check for our records.
- 4) If you paid estimated taxes during 2020/2021 we find quite often the amounts differ from what the IRS and State receive. Please take care to provide us the correct amounts.
- 5) Finally please provide us with an email address. We do most corresponding through email making it quicker and more efficient.

Call Schuyler Tax Services LLC at 315-735-3684 for an appointment.

Mailing address : **Schuyler Tax Services LLC**
2502 State Route 5
Utica, NY 13502.

Email to : TENNANTTAX54@GMAIL.COM or Fax # 315-733-1278,
or drop off your tax papers to us at any time. We have a drop box by the office door for after hour use. Also you can reach us through our website

schuylertaxservices.com.

Michele Nizzi will be running the office again this year.

Thanks and we look forward to seeing you in the New Year.

Richard Tennant, RTRP.