



TAXES MADE SIMPLE, INC.

TAX, BOOKKEEPING, & PAYROLL SERVICES

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www.TaxesMadeSimple.com

** IMPORTANT 2021 DEADLINES **

Individuals

January 31st – 1099s Due out – Payments to Subcontractors - Landlords - Attorney Fees

April 15th – Individual Returns Due OR File an **Individual Extension**

April 15th – 1st Quarter IRS, Ohio, & City Individual Estimates Due

June 15th – 2nd Quarter IRS, Ohio, & City Individual Estimates Due

Businesses

January 23rd – Semi-Annual Sales Tax Due

January 31st – 4th Quarter Year-End Payroll Reports Due along with W-2s & 1099s

February 20th – Bi-Monthly Ohio BWC Due

March 15th – S Corp & Partnership Returns Due

April 15th – C Corporation Tax Returns Due

April 30th – 1st Quarter Payroll Reports Due

April 20th – Bi-Monthly Ohio BWC Due

May 10th – Annual Ohio CAT Tax Due

Dear Client:

This year has been one for the history books. Our office would like to Thank You for your support throughout the year as we have had to make changes as well. Now that the year has closed, we must look forward to your goals. You may have a simple goal of having the mortgage paid off in 10 years, starting a retirement plan, sending your kids to college in a couple of years, or simply starting a savings account for the “rainy day” funds. As your tax preparers, our goal is to assist you with those goals and help you on your journey. Most importantly, we will file an accurate tax return and look for the most deductions we can for your situation. Enclosed is a questionnaire with various questions to help with various tax credits and savings. Please complete and provide this questionnaire with your tax documents.

Office hours are currently Monday through Thursday from 8:30 to 4:30 – **Office Hours will change January 18th, 2021**, to Monday through Friday 8:30 to 7:00 and Saturday 8:30 to 3:00. For your tax preparation, due to COVID-19 we will have **limited appointments** or you may drop off your documents during office hours by email to taxes@taxesmadesimple.com, fax (330-494-9657), or use the drop box which is always available 24/7. Thank you so much for your support and have a wonderful day!

~Thank you, Cindy & Staff



“Don’t Let Taxes Overwhelm You!”



* Tidbit Corner *

- When your child reaches Age 18 do not assume the child will claim themselves on a tax return. You may still be able to claim them as a dependent – ask us!
- For Tax Year 2020, if you took an early withdrawal from a retirement account, you may have special rules to utilize to spread out the federal income taxes and bypass the early withdrawal penalty.
- For 2020 there is a **\$300 Charitable Donation** deduction above the line if you do not itemize – provide documentation
- The **maximum amount to Gift** to an individual without tax per year is **\$15,000** – transfer of money without any tax
- Child Care **Flex Spending Account** with your employer reduces your Taxable Income for Federal and Ohio
- Contribute to an Ohio 529 College Savings account and deduct the contribution on your Ohio return as an Ohio resident. The Ohio Tax Deduction is **up to \$4,000 per person** per year; contributions over this threshold carries over to future years.
- **Mileage Rates for 2021:** Business Mileage is 56 cents per mile; Medical and Moving Mileage is 16 cents per mile; and Charitable Mileage is 14 cents per mile
- For Ohio Residents, if you receive **Military Retirement Income**, this income is tax free in Ohio.
- The **Hourly Billing Rate** for Bookkeeping, Payroll, QuickBooks Training, Year End 1099s, and other services is **\$100 per hour (billed in 15 minute increments = \$25)**.
- **Homestead Exemption** is tax savings on your Property Tax bill with your county. Apply through your primary residence county. Must be age 65 or disabled.

- The RMD was bypassed for Tax Year 2020 (Required Minimum Distribution)
- You can **Purchase Government Bonds** with a portion of your Federal Refund on Form 8888



DIVORCE - ALIMONY CHANGES

For those agreements after 2018, the Alimony paid will NOT be deductible and the Alimony received will NOT be income. If an agreement is altered that was started prior to December 31st, 2018, the plan can be affected by the new tax rules. If during a divorce an IRA is split or given to an ex-spouse, do a “Direct Non-Taxable Transfer” or change the name on the account to the ex-spouse. At the time of the divorce, no one will pay income tax on the IRA until there are withdrawals out of the account for use.

Miscellaneous Information

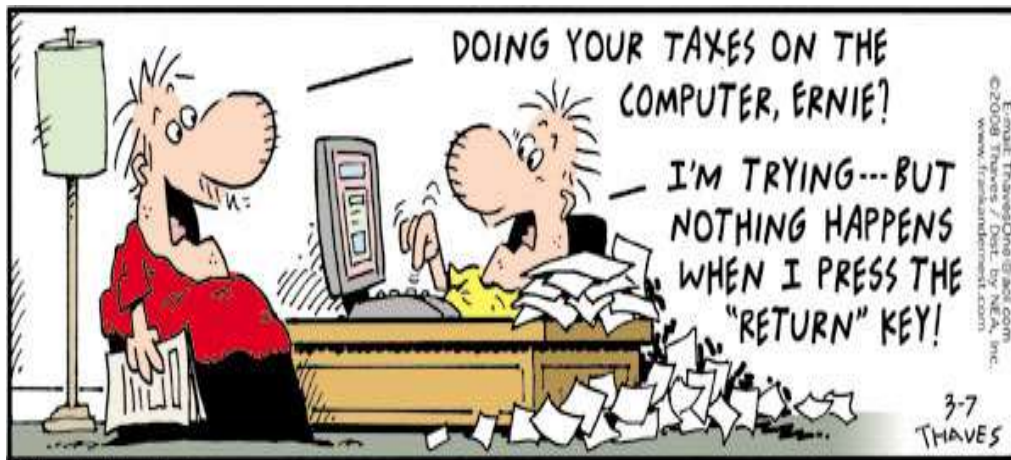
Any return that results in a notice of penalties and/or interest by the IRS, State, or Local taxing authorities must be examined prior to payment. **Do not assume a notice is correct. Forward a copy of the notice to our office for review.** If the penalties and/or interest are due to our mistake, we will reimburse you those fees. If there is additional tax due to the IRS, State or Local authorities, you must pay the tax regardless of who is at fault. We are required to keep copies of all work performed and maintain a record of all clients from whom we receive payment. We scan/copy all documentation that is provided for the tax return and other services, for the support of our work.

COVID-19 and Income Taxes!

There are many ways that COVID19 has affected our Individual. Here are some highlights:

1. **RMD – Required Minimum Distribution** has been forgiven for Tax Year 2020. Meaning, if you are required to take a certain amount out of your retirement account due to your age, you can skip the 2020 Tax Year. You will need to re-start taking the Required Minimum Distribution in Tax Year 2021 – work with your financial advisor to ensure this is set up.
2. **Early Withdrawal from Retirement Accounts** – if you, unfortunately, needed to take funds out of your retirement in order to pay bills/mortgage/rent during the pandemic, then you will not have to pay the income tax all in one year. The early withdrawal penalty is removed – no 10% penalty! The regular federal income tax can be spread over three tax years – this is an option on the tax return filing. There is also an option to put the funds back. Consult with your financial advisor as well as our office as your tax advisors.
3. **Up to \$300 donation deduction** – New Adjustment to Income for up to \$300 cash donation on the federal return! This lowers income directly for up to \$300 of cash donations, to a qualified organization, without itemizing deductions. Must provide the donation slip/receipt.
4. **Stimulus Payment** – You must be able to tell us what amount of the Stimulus you have received when we go to file the 2020 tax return. Whether you received a Stimulus Payment during 2020 or not, and you are eligible for some of these funds, you will receive any missing Stimulus funds within the Tax Return for Tax Year 2020.

If you have any questions, please email or call the office – no question is ever a “dumb question” – please ask!



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Qualified Charitable Donation (QCD)

Lower your taxable income for federal and state income taxes! For those that must take an Annual Required Minimum Distribution (RMD) from your IRA can take funds from the IRA and have funds sent directly to a charitable organization. The amount that is sent to the church or other qualified organization is then a deduction from income directly off the front and not a deduction for itemizing! This saves federal and state income tax!

To qualify for this deduction, you must be over 72 (or was 70 ½) years old; have a required annual distribution; and want to lower federal and state income tax. Ask your financial advisor that holds the IRA account about a QCD (Qualified Charitable Donation). You must bring a statement from the retirement account showing which organization the funds went to and how much was transferred along with the year-end Tax Form 1099-R.

ALL BUSINESS OWNERS

As a Business Owner, you often feel alone. Your spouse may not understand your goals, your employees may not understand your goals or reasoning, but that is what our office is here for. Our office is here to help you as a small business owner get through the toughest “forks in the road” by advising and helping you sort things out. We are here to assist you on keeping your focus on your goals.

We realize there will be times when you feel like you are on a “roller coaster” for your business with the changes in cash flow, changes in the economy, or even changes with employees. If you have questions or concerns while running your business, with how you are conducting business, assistance with a budget, assistance with your receivables, questions on whether you are undercharging your services, product costs, or other related areas, please ask. If you ever have any questions, or concerns, please contact the office at (330) 494-9659 or email your questions to taxes@taxesmadesimple.com. The worst thing a business owner can do is guess in a situation and hope it will not come back to haunt you or your business in the future.

New FORM 1099-NEC!

For Tax Year 2020, year-end the 1099s will look different. There is a new form for reporting income for the self-employed, sole proprietor, and sub-contractors. This is Form 1099-NEC. This form is only for those that were paid straight pay without taxes being deducted.

Your business may be required to issue a 1099 to someone that may have worked for your business, that is an individual or sole proprietor, provided a Form W-9 to show they have marked the Individual/Sole Proprietor box, and your business paid them \$600 or more during the calendar year. Do not use Form 1099-MISC, there is no longer a Box #7 for Non-Employee Compensation.

Businesses with COVID Loans

Attention all Businesses that were approved for the various COVID19 loan products, start getting your books together to show proof of where the funds were spent. The SBA has issued out the form to be filled in for the information to apply for loan forgiveness.

If you have payroll, ensure you are able to show payroll from the date of the loan funding up through an 8-week period and a 12-week period. Along with copies of the quarterly IRS Forms 941 reports. If you have S Corporate officers on payroll, have ready the details of the payroll issued to that shareholder separately from all other employees.

As a company requesting forgiveness, ensure your books are ready to show reports of the funds used for Rent, Utilities, Phone, and Internet primarily. There are still details of these loans coming out and the SBA, along with your bank, will be issuing out the information as to what they will need from your business.

Our office can assist with gathering the information toward the loan forgiveness, however, this time is billable in 15-minute increments of \$25 (or \$100 per hour). Our office is not able to complete the loan application or the forgiveness application directly. Please let us know what details you will be requested either through the SBA or your bank directly and we will assist with ensuring you understand what they are requesting and help you submit the correct information.

Notary Services are Free to All Clients within one year of any service. Others will have a charge of **\$5 per notary signature and seal provided**. If you need a notary to come to you, we will travel within a 15-mile area for a \$25 travel fee plus the cost of \$5 each signature. If you are outside of 15 miles from the office, please call for the travel fee 330-494-9659.



REMINDER: Current Sales Tax Rates

- Stark County = 6.50%
- Summit County = 6.75%
- Portage County = 7.00% (eff 1-1-2021)

Returning Client Discount Continues

All returning individuals will be eligible for a discount on Individual Income Tax Preparation. However, the discount will be based on how long you have continuously been with our office. If you have been with our office for one tax year, you will receive a 1% discount; two tax years will be a 2% discount, and so forth up to the max of a 5% discount. **As a returning client, this discount is good through May 31st of the filing season.** This discount does not apply to Corporations, Partnerships, Trusts, or other services. For 2020 Tax Returns, this discount is good through June 31st, 2021.

If you would like an appointment for tax preparation during this time of COVID, the returning client discount will not apply – we are removing this discount to help cover the cost of the PPE within our office.

TAX REFUND

For those having a **refund on your federal tax return**, there are options available for you:

- **First** option is electronic filing with **direct deposit of your refund** into your checking or savings account **within two weeks**. Confirm your account information prior to filing.
- **Second** option is electronic filing with a **check in the mail to your home within three weeks**.
- **Third** option is a **refund direct deposited through a Refund Transfer, where our fees come out of your refund, but total bank fees of \$59.90 does apply**. Direct Deposit is within two weeks.
- **Fourth** option is a refund check through a Refund Transfer, where our fees come out of your refund, but a check is printed within three weeks. This option has bank fees of \$59.90 applying.
- **Fifth** option is transferring all or part of your refund into an Individual Retirement Account.
- **Sixth** option is utilizing all or a part of your refund to purchase Government Bonds.

BALANCE DUE

For those that may have a **balance due on your tax return**, you have options to satisfy the debt:

- **First** option is to write a check and mail to the taxing authority (Internal Revenue Service, State, School District, and/or City) with an envelope and payment voucher provided by our office.
- **Second** option is to have the amount automatically withdrawn from a bank account on a specific day (by April 18th) and electronically filed to be submitted to the taxing authority.
- **Third** option is to set up an Installment Payment Plan with the IRS. A set up fee is charged by the IRS for this option. The State of Ohio will allow payments, but no payment plan option.
- **Fourth** option is to pay by credit card. A processing fee is assessed by the processing company for this transaction. The fee will be provided prior to submitting the payment (estimate 3%).
- **Fifth** option is to pay the IRS through the Electronic Funds Transfer program (EFTPS). An account must be set up in order to pay through this site.

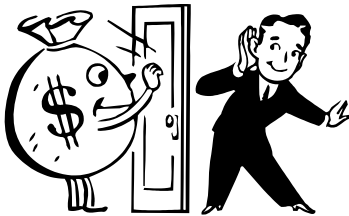
“HOMESTEAD EXEMPTION” on your Property Tax Bill

You may be eligible for a deduction in your Real Estate Taxes if you are age 65 or older or Disabled. Each county offers a Homestead Deduction on your tax bill if you qualify and have applied to your county of residence. Other than age, primary residence, you must also meet an income threshold to be eligible. This is not a tax credit on your income tax return, but we can assist you in preparing the county form to apply at least 3 months prior to turning age 65 or as soon as possible of meeting the income threshold. Please call the office (330) 494-9659 if you would like us to help with this form.

Are You in Credit Card Debt or the Mortgage is behind?

There are companies out there to assist those in debt. Please keep in mind, if a Credit Card company that you owe \$9,000 on the card; but the company will forgive \$6,000 if you pay \$3,000 now and clear the account. The amount that was forgiven, the \$6,000 is then income on your tax return.

Similar tax treatment for Mortgages, Home Equity Line of Credits, and Personal Loans. If you walk away from a home, the mortgage company can report the lost mortgage on a Form 1099-C for the loan amount left to pay on and Form 1099-A for Abandonment of Property. Both of these actions are reportable on your tax returns. These forms can be issued out in the year of the mortgage/foreclosure or the year after once all of the actions have occurred.



Every person has an unique tax situation.

Not every question has the same answer for every taxpayer.

No two tax returns are the same. Your situation is different from the next person!



COLLECTION POLICY FOR TAXES MADE SIMPLE, INC.

All tax returns are to be paid in full prior to Electronic Filing and/or upon pick-up. No tax returns will be e-filed with a "balance-due" for services to Taxes Made Simple, Inc.

All non-tax preparation service invoices are due with-in 15 days.

- **After 30 days** from the due date, a monthly finance charge of 2.5% will be added to the account until paid in full. A monthly finance charge will be added to your total invoice at a rate of 2.5% of the total account balance (30% APR) or \$2.00 minimum charge per month, whichever is greater.
- **After 60 days** from the due date, a processing fee of \$25 will also be added to the account to cover collection costs along with a monthly finance charge. **No further work will be performed at this time from our office.**
- **After 90 days** from date of invoice, all outstanding accounts with no received payments will be turned over to our collection agency. At that time, the account balance will include an additional \$35 collection fee.
- **After 120 days** from the due date, all outstanding accounts with no received payments will be turned over to our law firm. At this time, the account balance will include all lawyer fees (min. of 2 hours at \$250/hour), all court costs, and all processing costs.

This policy is in effect in order to compensate for finance charges being less than the cost of the labor and postage to process the monthly statement mailed out. For questions or to make arrangements to clear your account, please contact the office at 330-494-9659.

**** INFORMATION FOR TAX PREPARATION ****

INDIVIDUALS: Please provide this documentation for an accurate tax return:



W-2s/Wages
W-2G/Lottery Winnings

1099s Interest - Dividend Statements
Unemployment Income Social Security Income

Market Place HealthCare - Form 1095A

1099-R -Pension/IRA Distributions
1099-Misc/NEC -other compensation
IRA Contributions/Year End statement
1098 Statement/Mortgage Interest

1099-B Form for Sale of Stock
Charitable Receipts/Slips/Church Letter
Documentation for Alimony paid/received
Child Care Documentation

- If anyone attended **College** in 2020, provide the year-end statement – **Form 1098-T**, along with *documentation showing detailed payments to the school*, costs of books and supplies.
- **Closing/Settlement Statement**, if you purchased a home or refinanced your home
- For **Estimated Payments**, please provide a listing of the payments... date paid, check number, and to whom -IRS, state, or local tax, or you can provide the cancelled checks
- **Non-Cash donations** (clothing/items to Goodwill, Amvets, etc.) – provide a listing of the items donated along with the donation slip with the date – **Must have documentation for all Donations!**
- If you contributed to an **Ohio 529 College Plan**, please provide the annual Year-End Statement
- If you **contributed to a Traditional or Roth IRA**, please provide the annual Year-End Statements
- Please provide your **Year-End statements for your 401k/403b/IRAs/SEP** accounts for review

Businesses - Sole Proprietors & Corporations & Partnerships:

- **Please provide a back-up of your QuickBooks** (not an accountant's copy). If you are using a different program, please print out the 2020 General Ledger, Balance Sheet as of 12/31/20, and the Profit and Loss Statement from 1/1/20 through 12/31/20 (the reports must be cash basis).
- If you are keeping your books in a ledger or booklet, please bring the booklet in and start a new ledger for the 2020 year.
- For the checking account, credit cards, loans, and line of credit - please provide the year-end balance for each account. If you are on QuickBooks, ensure they are reconciled through 12/31/20.

**** All businesses need to provide the following: ****

1. **Year-End balances** for Checking, Savings, each Credit Card, each Loan/Line of Credit, Accounts Receivables (customers that owe you), Accounts Payable (vendors you owe), etc. – please provide Year-end Statements for each account.
2. If you carry **inventory**, please provide a **COST balance** as of December 31, 2020 (not retail cost – we need the cost paid for the inventory items).
3. If **assets were purchased**, (ex. computer, car, equipment, etc.) **provide date of purchase, cost with sales tax, and description of item** – this is for depreciation.
4. For any draws or cash out, please provide amounts withdrawn throughout the year.
5. For the **vehicle**, provide the **Ending Odometer and total business mileage** for the year.

The year-end balances provide a value at that point in time that is crucial to an accurate tax return. Remember **all S Corporation & Partnership tax returns are due March 15th**. If you are a **Sole Proprietor or a C Corporation**, your **business tax return is due April 15th**.

Please refer to this list as a reference - this is not an all-inclusive list. Each tax return may have additional information that is not listed above to prepare an accurate return. Please call when you are ready to drop off your information to have a time to show us what you are dropping off.