



TAXES MADE SIMPLE, INC.

TAX, BOOKKEEPING, & PAYROLL SERVICES

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** IMPORTANT 2022 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:

Thank you for your support through another year of craziness with the COVID and some changes within our office. We will not be moving for this tax season, but are still working on a remodel of another location close by.

We hope with a new year, you have set some new goals for you and your family. Our goal is to assist you with your tax and bookkeeping needs as you go through the many changes we have all been facing. Enclosed is a Questionnaire to help you gather your tax documents for the 2021 Tax Returns. As we work on your tax returns, ensure we have your current address, new spouse, new child, or even the paperwork for your new home. Please complete and provide this questionnaire with your tax documents. The last page of this newsletter has a list of documents to help you gather your income and deductions. As you go through this process, feel free to ask questions! 😊

Office hours are currently Monday through Thursday from 8:30 to 4:30 – **Office Hours will be changing January 24th** to Monday through Friday 8:30 to 7:00 and Saturday 8:30 to 3:00. For your tax preparation, we will continue to 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!
- If you spread out the retirement funds from Tax Year 2020, there is income added to the federal and state income taxes to both Tax Years 2021 & 2022
- **Mileage Rates for 2022:** Business Mileage is 58.5 cents per mile; Medical and Moving Mileage is 18 cents per mile; and Charitable Mileage is 14 cents per mile
- For 2021 there is up to a **\$600 Charitable Donation** deduction above the line if you do not itemize – provide documentation
- The **maximum amount to Gift** without income tax to an individual is **\$15,000**
- Child Care **Flex Spending Account** with your employer reduces your Taxable Income for Federal and Ohio
- Contribute **up to \$4,000 per person** to an **Ohio 529 College Savings Account** and deduct the contribution on your Ohio return as an Ohio resident.
- For Ohio Residents, if you receive **Military Retirement Income**, this income is tax free in Ohio
- **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 **Hourly Billing Rate** for Bookkeeping, Payroll, QuickBooks Training, Year End 1099s, and other services is **\$100 per hour (billed in 15 minute increments = \$25)**
- 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.

REMINDER: Current Sales Tax Rates

- Stark County = 6.50%
- Summit County = 6.75%
- Portage County = 7.00%

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.

Issuing FORM 1099-NEC!

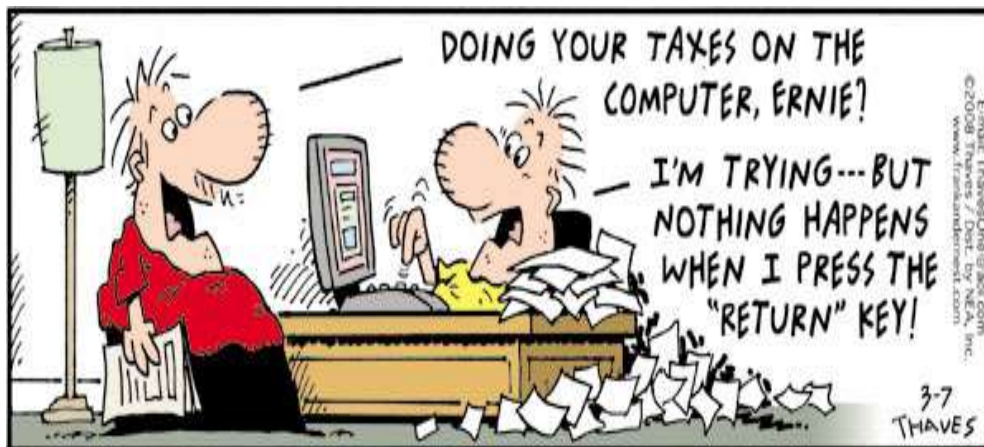
For Tax Year 2021, year-end the 1099s look different. There is a new form for reporting income for the self-employed, sole proprietor, and sub-contractors. This is Form 1099-NEC. This form is only for those that were paid straight pay without taxes being deducted. Must be filed by January 31st!

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.

COVID19 Items that affect your Income Taxes

1. **Early Withdrawal from Retirement Accounts** – if you previously took funds out of your retirement in order to pay bills/mortgage/rent during the pandemic (in 2020), you had a choice to spread out the income taxes into three years (2020, 2021 & 2022 tax returns).
2. **Up to \$600 donation deduction** – New Adjustment to Income for up to \$600 cash donation on the federal return! This lowers income directly for up to \$600 of cash donations, to a qualified organization, without itemizing deductions. Must provide the donation slip/receipt.
3. **3rd Stimulus Payment** – You must be able to tell us what amount of the Stimulus you have received when we go to file the 2021 tax return. Whether you received a Stimulus Payment during 2021 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 2021.

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



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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.

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.

ALL BUSINESS OWNERS

As a Business Owner 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 us at taxes@taxesmakesimple.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.

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 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 at (330) 494-9659.



TAX REFUND

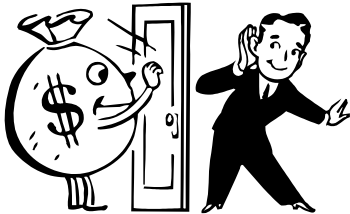
For those having a **refund on your federal tax return**, there are options available for you:

- **First** option is electronic filing with direct deposit of your refund into your checking or savings account in about two weeks. Confirm your bank account information prior to filing.
- **Second** option is electronic filing with a check in the mail to your home in about 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 in about 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.



Every person has a 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
- **Market Place HealthCare - Form 1095A**
- 1099-K Online Sales (PayPal, Square, etc)
- 1099-Misc/NEC -other compensation
- IRA Contributions/Year End statement
- 1098 Statement/Mortgage Interest
- 1099-R -Pension/IRA/Annuity Distributions
- 1099s Interest - Dividend Statements
- Unemployment Income
- Social Security Income
- 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 the accountant's copy). If you are using a different program, please print out the 2021 General Ledger, Balance Sheet as of 12/31/2021, and the Profit and Loss Statement from 1/1/2021 through 12/31/2021 (the reports must be cash basis).
- For the checking accounts, credit cards, loans, and line of credit - ensure they are reconciled through 12/31/2021 in QuickBooks. Otherwise, provide the year-end Balance of each account.
- If you are keeping your books in a ledger or booklet, please bring the booklet in and start a new ledger for the 2022 year.

**** 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, 2021 (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.

- **S Corporation & Partnership tax returns are due March 15th**. (Extension September 15th)
- **Sole Proprietor or a C Corporation tax returns are due April 15th**. (Extension October 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.