



TAXES MADE SIMPLE, INC.

TAX, BOOKKEEPING, & PAYROLL SERVICES

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Dear Client:

Thank you for being patient as we go through a complex tax year with various tax law changes that were not only retroactive for the 2020 tax returns during tax season, but also changes for 2021 as we are facing those changes now and into the 2021 tax return filings.

In addition to tax law changes this year, the federal tax refunds are also seen delays for many of you. The IRS has not put much out on why they are so far behind for tax refunds. However, the IRS has stated due to the 3rd Stimulus, Rebate Recovery on the tax return, and the upcoming advance payments of the Child Tax Credit has put the IRS systems beyond their capabilities. The IRS is trying to be cautious on giving out refunds, especially since in the past years there have been so much fraudulent returns for refunds that should not have been issued.

We are aware that these changes do not always make sense to you and your tax situation. Please feel free to come in for a tax consultation to review your 2021 tax situation or need advice on future goals. Our office is available all-year-round for your questions and guidance.

Office hours are currently Monday through Thursday 8:30 to 4:30. Please let us know if you need to come in an evening and we will make arrangements to fit your schedule. If your Individual return is on extension, please provide your tax documents by September 23rd, 2021 to be filed timely. All Individual extensions will expire on October 15th, 2021. For your tax preparation, we have appointments or you may drop off your documents during office hours, through an online portal, by email to taxes@taxesmadesimple.com, fax (330-494-9657), or use the drop box which is always available for your convenience 24/7. Have a great summer!

~Thank you, Cindy, Lesia, Melissa, Shannon & Staff

** IMPORTANT 2021 DEADLINES **

Individuals

September 15th – 3rd Quarter IRS, Ohio & City Estimates Due

October 15th – Individual Extension Expire

January 15th – 4th Quarter IRS, Ohio & City

Businesses

July 23rd – Semi-Annual Sales Tax Due

July 31st – 2nd Quarter Year-End Payroll Reports Due along with BWC True-Up Report

August 20th – Bi-Monthly Ohio BWC Due

September 15th – S Corps & Partnership Extension Expire

October 20th – Bi-Monthly Ohio BWC Due

October 31st – 3rd Quarter Year-End Payroll Reports Due along with BWC True-Up Report

November 1st – Annual Ohio Unclaimed Funds Report Due

December 20th – Bi-Monthly Ohio BWC Due



* Tidbit Corner *

- Reminder for Tax Years 2021 & 2022, if you chose to spread out the income taxes on a retirement withdrawal from Tax Year 2020, that income is spread over 3 years and will be added to the next 2 tax returns.
- For 2021 there is a **\$300 Individual & \$600 Married Joint 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 is required for this Tax Year 2021 (Required Minimum Distribution)
- You can **Purchase Government Bonds** with your Federal Refund on Form 8888.

- 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!



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.



“Don’t Let Taxes Overwhelm You!”

Advance Child Tax Credit

The IRS is sending out direct deposit funds for an Advance on the Tax Year 2021 Child Tax Credit. The Child Tax Credit for Tax Year 2021 does increase to \$3,000 (if age 6 to 17) and \$3,600 (if under age 6). Since the tax credit is increasing from \$2,000 up to \$3,000 per child (depending on age), the IRS has been instructed to provide monthly payments to the parents starting in July 2021. The advance is half of the child tax credit.

Meaning, if your child is age 10, the child tax credit you are eligible on the return will be \$3,000. The advance payments will be direct deposited monthly July, August, September, October, November and December in the amount of \$250 each month for a total of \$1,500. On the Tax Return for Tax Year 2021, then you will only receive the additional \$1,500 as a tax credit on the return since you received monthly advance of these funds. This gives you the total of \$3,000 for that child.

If you were not eligible for this credit for a child you will not be claiming on the Tax Year 2021, you will owe these funds back. Or **you can “Opt Out” of the monthly payments through the IRS website www.irs.gov**. If you have a child that “rotates” on the tax returns from one year to another, we encourage you to “Opt Out” of these advance payments. If you receive the advance payments and are not eligible for the child tax credit on your Tax Return for Tax Year 2021, you will owe this money back as a tax being collected on the return.

If you do receive the monthly payments, **please keep track of the payments you do receive for your tax return preparation**. If you have any questions, or concerns with this credit, please contact the office and set up a consultation to review your situation.

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.



2021 tax brackets

Rate	For Unmarried Individuals, Taxable Income Over	For Married Individuals Filing Joint Returns, Taxable Income Over	For Heads of Households, Taxable Income Over
10%	\$0	\$0	\$0
12%	\$9,950	\$19,900	\$14,200
22%	\$40,525	\$81,050	\$54,200
24%	\$86,375	\$172,750	\$86,350
32%	\$164,925	\$329,850	\$164,900
35%	\$209,425	\$418,850	\$209,400
37%	\$523,600	\$628,300	\$523,600

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

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.

REMINDER: Current Sales Tax Rates

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

FORM 1099-NEC

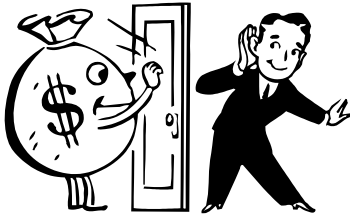
As you saw for Tax Year 2020, the 1099s looked different. There is a new form for reporting income for the self-employed, sole proprietor, and sub-contractors. This is Form 1099-NEC. This form is only for those that were paid straight pay without taxes being deducted.

Keep your business in compliance, you may be required to issue a 1099 to someone that may have worked for you. Ensure the individual or sole proprietor completed 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. Let us help you with this compliance requirement.

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 a balance of \$9,000 on the card; but the company will forgive \$3,000 if you pay \$6,000 now and clear the account. The amount that was forgiven, the \$3,000 is then income on your tax return. You will receive a Tax Form 1099-C for Cancellation of Debt and is taxable income.

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.