



# TAXES MADE SIMPLE, INC.

TAX, BOOKKEEPING, & PAYROLL SERVICES

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www.TaxesMadeSimple.com

Dear Client:

We hope you, your family, and your friends are doing well during this world-wide pandemic here in 2020. Our office understands everything has changed when it comes to getting things done differently and how overwhelming some of this is for you and your family. Many of you were able to take advantage of the extended Tax Season into July and were able to complete your tax filings without an extension. We want to thank everyone of you for your patience with our office during this year. Our office has always tried to keep focused on our family, whether our spouses and children and our clients. Tax filings are important and can lead to penalties, our focus is always to assist in lowering that tax burden and stress of filing the various tax compliance returns.

Remember we are here for you individually and your business. No question is ever a dumb question! We are willing to meet with you throughout the year to go over any changes you may have or any concerns. We have started conducting limited appointments, with a mask, and have changed our main entrance to the side door off the driveway. Over the last few months, we have done much of the tax planning over emails and phone calls. If you are having any significant life changes, we highly recommend an appointment for tax planning to ensure you are ready for the income taxes and there are no unpleasant surprises into the next tax season. We would not want you to be disappointed if you get all the way through the tax returns and owe a significant amount of money. A tax penalty for not paying estimated payments could be added to your return if you owed on the 2019 tax return and then owe again on the 2020 tax return. We are here to help you!

Office hours are currently Monday through Thursday from 8:30 to 4:30. If you receive any notice or letter from a taxing authority, please provide our office a copy before you pay any funds for tax. The notice may not be correct and you may not have to pay the amount proposed. **For your documents, the drop boxes are always available 24/7, or you may email to [taxes@taxesmadesimple.com](mailto:taxes@taxesmadesimple.com), or you may fax (330-494-9657) any information at any time.** Thank you so much for your support and have a wonderful day!

~Thank you, Cindy & Staff

## \*\* IMPORTANT 2020 DEADLINES \*\*

### Individuals

**September 15<sup>th</sup>** – 3<sup>rd</sup> Quarter IRS, Ohio & City Individual Estimates Due

**October 15<sup>th</sup>** – **EXTENSIONS EXPIRE**

**December 15<sup>th</sup>** – 4<sup>th</sup> Quarter City Estimates Due

**January 15<sup>th</sup>, 2021** – 4<sup>th</sup> Quarter Fed & Ohio Estimates Due

### Businesses

**September 15<sup>th</sup>** – **EXTENSIONS EXPIRE**

**October 31<sup>st</sup>** – 3<sup>rd</sup> Quarter Payroll Reports Due

**November 1<sup>st</sup>** – Annual Ohio Unclaimed Funds Due for all businesses

**Year-End Planning** – call us if your business needs help cleaning up 2019 books or need a review!

**January 31<sup>st</sup>, 2021** – 1099s & W-2s/Payroll Reports Due



### \* Tidbit Corner \*

- The **Child Credit** is \$2,000 for Children under the Age of 17 that are claimed on the tax return; once the child turns age 17 throughout the year, this credit is gone, but still a dependent on the return
- 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!
- 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 2020:** Business Mileage is 57.5 cents per mile; Medical and Moving Mileage is 17 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)**.

### REMINDER: Current Sales Tax Rates

- Stark County = 6.50%
- Summit County = 6.75%
- Portage County = 7.25%



### 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 31<sup>st</sup>, 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.

### **Qualified Charitable Donation (QCD)**

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 organization is then a deduction from income directly off the front and not an 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 account showing who the funds went to and how much along with the year-end Tax Form 1099-R.



**“Don’t Let Taxes Overwhelm You!”**

### **“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.

### **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.

## COVID-19 and Income Taxes!

There are many ways that COVID19 has affected our Individual and Business filings.

We had the April 15<sup>th</sup> Individual Income Tax deadline extended to July 15<sup>th</sup>, 2020. This is huge! Many of you were told by the State of Ohio to stay home, some of you were not allowed to go to work, some of you became teachers to your children, and some of you had to switch gears and take care of your elderly loved ones. With the demands we were all under, having a tax deadline pushed out helped alleviate the pressure. We hope we were able to help you through this time of unknowing.

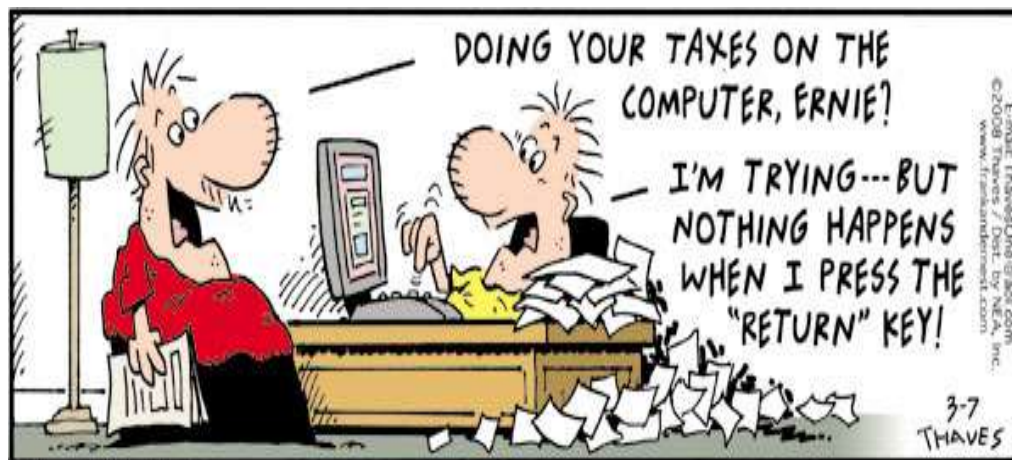
The tax deadline for Individual Income Tax returns is October 15<sup>th</sup>, 2020 with an extension. To have your 2019 tax returns completed by the tax deadline, have your tax documents in our office by September 30<sup>th</sup>, 2020. Any tax information received after September 30<sup>th</sup>, there will be an extra \$45 expedite fee to ensure your tax returns are completed by the deadline.

For S Corporations and Partnerships, the tax Extension filing deadline is September 15<sup>th</sup>, 2020. Have your business information in our office by August 31<sup>st</sup>, 2020. Any tax documents received for preparation after August 31<sup>st</sup>, 2020, will be an expedited fee of \$45 added to the preparation fees.

Other changes with the COVID19 tax year, are the following:

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.
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, with out 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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## 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). 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.



## 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](mailto: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.

## 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 31<sup>st</sup> of the filing season.** This discount does not apply to Corporations, Partnerships, Trusts, or other services. For 2019 Tax Returns, this was extended through August 31<sup>st</sup>, 2020.

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.