

# Tax Tips

Newsletter 2021-2022

## From Deanna's Desk

### **Monday January 24, 2022 FIRST DAY OF E-FILING**

We are excited to be able to e-file this early in the tax season.

In 2021 we prepared your 2020 Income Tax Return from the information you dropped off. By using and embracing different technologies and the good old telephone this process seemed to work very well. Many of you preferred to have your taxes prepared in this manner.

We are going to use this method again this year. We have a new drop box for those of you that cannot bring your information to us during regular office hours. It is at the right of the side door and the information goes directly inside. **Safe and Secure!**

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During this past year, Judy Bostedor, an employee and friend of more than 15 years, lost her valiant fight with cancer. She worked year-round for us and was an integral part of Hawkins Accounting. We (the employees including myself) are missing Judy immensely as we are preparing for this tax season.

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<b>Mileage Reimbursement rates</b>	<b>2021</b>	<b>2022</b>
Business	56¢	58.5¢
Medical & Moving	16¢	18¢
Charitable	14¢	14¢

## **Hawkins Accounting, Inc**

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### **January Business Hours**

Monday – Friday 9am to 5pm

### **February – April Business Hours**

Monday – Thursday 9am to 7pm

Fridays 9am to 5pm

Saturdays 9am to 3pm

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## **AVOID LENGTHY REFUND AND PROCESSING DELAYS IN 2022**

Individuals and families who received advance Child Tax Credit payments and/or Economic Impact Payments (EIP) in 2021 will soon be receiving two letters from the IRS. Married persons will receive individual letters.

**-Letter 6419** will provide recipients with the total advance Child Tax Credit received last year and the number of qualifying children used to calculate the payment amount.

**-Letter 6475** will provide recipients with the total Economic Impact Payments (EIP) received in 2021.

These letters include important tax information to figure the Child Tax Credit and Economic Impact Payments on your 2021 tax return. **Please give your tax preparer a copy.**

Advance Child Tax Credits and Economic Impact Payments are nontaxable.

**IT IS IMPERITIVE THAT THE ADVANCE CHILD TAX CREDIT PAYMENTS BE REPORTED CORRECTLY ON THE TAX RETURN IN ORDER TO AVOID LENGTHY DELAYS AND/OR MANUAL PROCESSING.**

### **Did you lose your IRS Letter 6419 or 6475?**

ADVANCE CHILD TAX CREDIT:  
<https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>

3<sup>RD</sup> ECONOMIC IMPACT PAYMENT:  
<https://sa.www4.irs.gov/irfof-wmsp/notice>

**Consolidated Appropriations Act has many changes. Here are a few that might affect many of you:**

- **Charitable deduction** for taxpayers that use the standard deduction is now \$300 per person. MFJ is now \$600 instead of \$300. **You must have** documentation to support this deduction
- **Residential energy credit** extended for 2021 only
- The third **stimulus payment** of \$1,400 per individual as well as \$1,400 per eligible child was issued in April of 2021. You will receive a **letter 6475** in January that has the amount you received. We **Must** have this **Letter 6475** to prepare your tax return. Please send it with your information
  - **Notice 1444-C** was sent in March/April 2022 to advise you of the payment. This can also be used to prepare your taxes.
- **Child tax credit** is \$3,600 for children under six years old, and \$3,000 for children ages 6 to 17. (This is up from \$2,000)
  - **Advance payments of the 2021 child tax credit** This would effectively be \$250 or \$300 per child per month. This started in July 2021.
  - You should receive Letter 6419 in January that has the amounts you received. Again, we **Must** have the **letter**
- **Earned income Credit.** Taxpayers may qualify for a larger credit. The age for persons **without qualifying children** changed to 19 years with no maximum age limit.

**Other changes**

- Student loan forgiveness
- Required Minimum Distribution (RMD) for 2021.
- Dependent Care Assistance
- Higher Contribution limit will apply for FSAs and HSAs in 2022

2021 Standard Deduction	
Filing Status	Amount
Single	\$12,550
Married Filing Joint	\$25,100
Head of Household	\$18,800
Over 65 and/or blind	\$ 1,350

**INTERNAL REVENUE SERVICE or TAX SCAM**

The IRS will **NEVER** call you to demand immediate payment using a specific payment method such as a gift card, wire transfer, debit card, or iTunes card, or ask for your credit or debit card over the phone.

The IRS will **NEVER** threaten to bring in local law enforcement to have you arrested for not paying.

The IRS will **ALWAYS** mail a bill to you if you owe them taxes. *In most cases, you will receive the bill several times.*

**Virtual Currency**

Do you have any virtual currency? This is a question that we must ask all taxpayers. Just because you own virtual currency does not mean that you have any reporting to do. You must report and sales and/or any transfers to a different kind of coin.

High-Low Per Diem Rates			
Effective 10/1/20 - 9/30/21			
Location	Lodging	Meals	Total
High-Cost	\$222.00	\$74.00	\$296.00
All other	\$138.00	\$64.00	\$202.00