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TAX YEAR 2020

Dear Client,

This year our newsletter is designed to give you the guidance for the information we need to prepare your 2020 individual income tax return. We will once again ask you to sign the annual tax return engagement letter. Additionally, we do expect mail-ins, drop-offs and virtual appointments may be necessary again.

Stimulus Check

Most of you received a "Stimulus Check" this year during the summer. In many instances the check will be less than what you were owed, and we can only determine any additional amount if you let us know the amount received. The IRS informed you of that amount with Notice 1444 which, if you received it, we need to reconcile. **If you did not receive or keep the form, please fill in the appropriate lines on the 2nd page of the engagement agreement at the bottom.**

Deductions

We still need to accumulate the information on your 1) medical, 2) state income and property tax, 3) mortgage interest, 4) charity and other deductions to apply the latest rules, and to complete your state tax returns. **Additionally, there is a new deduction for charity amounts that does not require you to itemize, so please let us know of all cash contributions you have made in 2020.** Employee work related business expenses are no longer deductible on the Federal return, but we may still need the information for your state return, and if you incur a lot of these types of expenses, you need to discuss the use of an accountable plan with your employer. With many folks working from home this year a simple tool to help is to see if your employer has an accountable plan to reimburse you, tax-free, for the business use of your home.

Compliance

The IRS has added a new question on the very first line of the 2020 Form 1040 asking whether you have bought, sold, traded, or spent any virtual currency and we must ask you to verify this for us to avoid IRS penalties. Finally, to prepare your return this year we are required to obtain all your W-2's, 1099's from retirement, interest, dividends and brokers, Forms 1095 for health insurance, bank Forms 1098 and any other official IRS documents.

As most of you know, constant changes in tax laws are happening and we are here to answer any questions you may have. Enclosed you will find the 'check list' for your convenience on gathering all your information to prepare your 2020 tax return. It is also helpful if you review last year's return to see what documents you need to turn in...this helps us in delaying the preparation of your return. **Please inform us of any address, phone, dependent or bank changes that have occurred since you filed last year. If you have a new dependent, we will need a copy of their social security card and birth certificate.**

As stated, it is very important we are informed of any life changes to help us determine your filing status. This includes marriage, divorce, new dependent(s), and past dependent(s) no longer eligible to be claimed. If divorced, which dependent(s) do you claim? **If you are using direct deposit, starting this year we need a voided check or bank letter stating the routing and account number to be used.**

You may also receive a 1099INT or 1099DIV reporting interest and dividends. Some companies send this information with your year-end statement. **Please watch for this information – we need it.**

We are not responsible for information not reported to us. If you made estimated payments for tax year 2020 please provide us with proof of payment(s). (amount & or dates) If you have a dependent(s) in college, if possible, please include an itemized statement from the college for the 2020 tax year along with the 1098T you may receive. Sometimes the 1098T does not reflect the accurate amount to use for current year expenses and payments. We also need to know what year your student is considered (freshman - senior). For those of you who itemize and have non-cash charitable donations, www.goodwillpromo.org is a good site to help you when valuing your donations. **You are responsible for stating the value of your donation. ALL** deductions of any amount must have a receipt. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and amount of any individual contribution over \$250 and should also state that no goods or services were received in return for the contribution.

Please read the enclosed Engagement Agreement, sign, and bring to us along with your tax information.

Payment is expected at the time of picking up the return. We accept cash, check and credit cards. **Credit card charges will incur a 3% additional charge.**

Present or mention this letter for \$10 off your fee and for each "new" referral that comes to us for tax preparation and mentions being referred by you, you will receive a \$25 credit.

Our office hours are Monday-Thursday 8a-7p, Friday 8a-4p. A mask is required to enter the office. You may drop off your tax information anytime during business hours. There will be a 3-person limit in the office at the same time. We encourage you to call before dropping off or please be prepared to wait a few minutes if we are at capacity. We are not scheduling in person appointments currently. **We will be CLOSED on Good Friday!**

We are pleased to have you as a client and look forward to serving you again this year. God bless!