Accurate Tax Service, LLC

Newsletter 2020 Tax Year

Happy New Years to you and your family. This past year was very stressful, life changing and unpredictable for everyone. I hope everyone’s family members survived from this Covid-19 Pandemic. It’s a new year so let’s stay positive and optimistic for our future. It is tax time again; I know everyone has questions and concerns. I will outline the new tax law changes, what forms that you should expect to receive and other important information.

Distance Tax Preparation: Optional

Secure File Pro is a website where clients can exchange confidential documents safely and conveniently. Spend less time printing, faxing, emailing and mailing returns and other documents. Client’s files are always protected by tough and industry-standard security measures. Also Clients can fax, email and scan their tax documents to our company.

Recovery Rebate Credit: Stimulus Checks

The Stimulus checks that everyone received isn’t taxable. If you didn’t received the first or second stimulus checks it will be added to your refund or tax liability for the 2020 tax return. I will need your exact amount that you received for your 2020 tax return. Taxpayers will receive an IRS notice or letter after they receive a payment telling them the amount of their payment.

Unemployment Compensation:

All Unemployment compensation received in the tax year of 2020 is taxable. Taxpayers will receive two different 1099-G forms if anyone applied for the pandemic unemployment because of loss of income form employment or being self-employed from the Covid-19 pandemic. Taxpayers will receive one 1099-G form the Federal Government and one 1099-G form from the state anyone applied for unemployment.

Earn Income Tax Credit

If a taxpayer earned income in 2020 is less than his or her earned income in 2019. The taxpayer may elect to determine the 2020 earn income tax credit using 2019 earned income.

Standard mileage rates

-For Business use it is 57.5 cents per mile driven.

-For Medical or Moving purposes 17 cents per mile driven.

-In Service of Charitable Organizations 14 cents per mile driven.

Charitable deduction changes

New this year, taxpayers who don't itemize deductions may take a charitable deduction of up to $300 for cash contributions made in 2020 to qualifying organizations.

Self-employed Qualified Sick Leave Credit

Eligible self-employed individuals (Schedule C filer) are allowed an income tax credit to offset their federal self-employment tax for the 2020 tax year. The only days that may be taken into account in determining the qualified sick leave equivalent amounts are days occurring during the period beginning on April 1, 2020 and ending on December 31, 2020.

Deductibility of PPP-funded expenses

Paycheck Protection Program (PPP) loan does not include in Gross Income. Also deductions are allowed for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven and that the tax basis and other attributes of the borrower’s assets will not be reduced as a result of the loan forgiveness.

Penalty-free withdrawal from your retirement plan

Participants in 401(k), 403(b), pension and government 457(b) plans may take up to $100,000 in aggregate from whatever retirement plan accounts they own without tax penalties.