



ROADARMEL SPRINGER LLC

Income Tax Preparation & Planning

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2021 Tax Updates and Reminders

Dear Clients and Friends:

Our letter contains information as we know it today. Congress could surprise us and make changes mid-season again! Let's hope for the best!

*****IMPORTANT***IMPORTANT***IMPORTANT*****

The two most important numbers you need to give us this year are your **3rd Economic Impact Payment** (also known as Stimulus Recovery Payment) and your **Advance Child Tax Credit Payment**. If the amounts are not accurate you might experience a very lengthy delay in the processing of your return by the IRS.

3rd Economic Impact Payment – The payments started on March 12, 2021 and continued for several months. You might have received it by direct deposit, check or debit card. You were sent Notice 1444-C a few weeks later notifying you of the amount. Please bring along with your tax papers. The IRS is also going to be mailing Letter 6475 at the beginning of 2022 that will have both your 3rd EIP amount and any additional Economic Impact Payments you received after filing your 2020 return. Not many of you will have that additional payment. But please bring any IRS letters. If you did not keep the original notice, and you don't remember the amount, check your bank records. The 3rd EIP was \$1400 for each person if you did not go over the income limit.

Advance Child Tax Credit Payment – The IRS sent letters to taxpayers last year who might be eligible for CTC payments and then a personalized letter estimating the amount of monthly payments starting July 15. You did have the option to opt out. If only one parent finished the process to opt out, you would have continued to receive half of the payment. We are not aware of any letters being mailed to you to confirm the amount received. You needed to keep track of this yourself. Check your bank deposits or you can register for an IRS account where you can see these records. The IRS is strongly advising using this tool if you do not know your amounts because they cannot take calls for this information. Go to IRS.gov, then click on Manage Your Child Tax Payment Credits, then click on blue box that says Manage Payments. You are now in the Child Tax Credit Update Portal. Click on the large blue box, Manage Advance Payments. This is where you will create a new ID.me account. The system will answer your questions and walk you through the process. You will need to take a picture of your driver's license using either your smartphone or a webcam on your computer.

Tax Season for Deb – I will continue to work from home during tax season, doing drop offs only. Last season worked out smoothly and I am only a phone call away for any questions. The

first question on the top of the Drop Off Sheet is whether you want to receive a phone call to discuss anything. Process is the same as last year. Fill out the Drop Off Sheet included with this letter, put it in an envelope with your tax papers and put through the slot beside the front door. You do not need to call office or make an appointment to do that. Drop off anytime at your convenience.

Allow a two-week turnaround time for completion, but in most cases it will be sooner. I will only be a phone call away if needed. Thank you so much for your patience and business. It is greatly appreciated.

Joe will continue to do in person appointments and drop offs. Use the same Drop Off Sheet for Joe. Even if you are doing an in-person appointment with Joe, please look over the Drop Off Sheet for the information that will be needed at the appointment. There is a lot of helpful content on that sheet.

Drop Off Sheet has a front and back page to fill out. We don't need a separate Drop Off Sheet for your dependents. But if they want direct deposit of their refund, we will need their banking information.

A **cash charitable contribution deduction** can be taken this year even if you do not itemize on Sch A. You can deduct up to \$300 on a single return and \$600 on a joint return.

College Students – If you or your dependents are college students you could be eligible for up to a \$2500 credit on your tax return per person. This credit gets filed on the parents return and we need Form 1098-T from the college. It either gets mailed to the student or they must go on their college account and print it out. Also, bring a total spent on books and supplies for each student.

Self Employed and Rentals – Remember to go to our website, www.roadspring.net and print out the Rental Property Summary and Self-Employed Summary. There is also a Tax Appointment Checklist that might be helpful in reminding you what to bring to an appointment. These forms are under the Office Forms tab.

Property Tax/Rental Rebate – The most often asked question is, “Am I eligible?” This rebate is based on income and age. Age is 65 or older, widowed age 50-64 or disabled age 18-64. The income limit is based on half of your social security, plus your other income (there are some income exclusions). If you are a property owner and the amount is over \$35,000, you are not eligible. If you are a renter and the amount is over \$15,000, you are not eligible. If you think you might qualify, bring your stamped paid property tax receipts and we will check it out.

Happy New Year!

Deb Roadarmel & Joe Springer