



News and Tax Tidbits

January 2022

• PH 208 362-1633

• Email: robin@familytaxsolutions.com

• FX 208-575-1897

Welcome to 2022!! Wow that number is hard to believe, right? My sincerest hope is that this newsletter finds you well. It has been a tough year for some folks. I totally believe in the name of my company! I believe in a “family” atmosphere of tax preparation! In other words, I like to care for my customers in a way that they feel supported and not just another name on a tax return. I am so appreciative of the time I get to meet with each one of you even if it is only once a year. Remember that Family Tax Solutions is a year-round tax company and I am here for you for: tax preparation, tax planning and tax resolution. Tax Law changes have been the norm anymore. Don’t worry! I am up to speed on all the newest tax laws. So, you can be assured, I have your back. My motto is always, “not a penny more in taxes” should you ever have to pay!

This year, I will again have:

1. **In Person Appointments:** will continue for anyone who would like to meet in-person.

A. I will be wearing a mask to protect anyone who comes into the office.

B. I will sanitize between all clients and allow a larger buffer between appointments.

2. **Virtual Appointments (Phone, Electronic or Video Conference):**

Options are available to anyone who would like to not meet in-person.

A. I have an existing secure portal on my website that is safe for the transfer of tax documents.

If you prefer, you may fax to the number listed above. Avoid email as it is not a secure place for your Personally Identifiable Information (PII).

B. We can interview/chat in one of the methods listed above.

C. Payments and Tax Returns signatures will have a virtual option, as well

If you would like a combination of any of these options, I am flexible. My goal is to make your tax preparation the best experience it can be in light of the circumstances the last few years

I look forward to another year in providing you with the same quality tax preparation you have come to expect!

Best Regards, Robin Gervais
Enrolled Agent

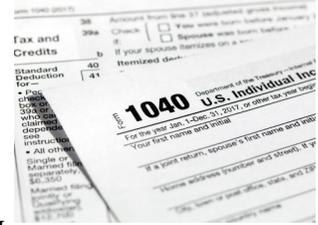
Before we move to the 2021 Updates, let’s discuss some left-over items from the 2020 filing that we may want to address to make sure that you are not paying that “penny more”.

⇒ If you filed before the first \$10,200 of Unemployment Compensation for each spouse was considered not taxable and the IRS did NOT automatically adjust it. [Let me know!](#)

⇒ If you received a letter adjusting your 2020 Recovery Rebate Credit. [Let me know!](#)

Website: www.familytaxsolutions.com Secure Portal and Appointment Calendar Available

2021 Individual Tax Update



⇒ Standard Deduction

S/MFS-\$12,550: HH-\$18,800: MFJ-\$25,100

⇒ Economic Impact Payment #3 (AKA Stimulus)

American Rescue Plan Act: \$1,400 S/HH/MFS \$2,800 MFJ
\$1,400 dependent under 17

This payment is an advance payment to be reconciled on your 2021 tax return as the Recovery Rebate Credit

- Limitations based on income \$75,000 S/MFS; \$112,500 HH \$150,000 MFJ
- If you did not receive the maximum allowed Economic Impact Payment, you may receive more based on your 2021 tax return
- If you received too much, you will not have to pay it back
- If you did not receive any at all, you have an opportunity to still receive it as a refundable credit as long as your liability on the tax return does not exceed credits
- Notice1444C issued notifying you of the amount of payment as well as 6475 to come in 2022.

⇒ Child Tax Credit (CTC) American Rescue Plan Act

2021 Only—

- Expanded to include children under 18
- Expanded to \$3,000 (\$3,600 under age 6)
- Fully Refundable in certain circumstances
- Phase-outs \$200,000 S/MFS.HOH/QW \$400,000 MFJ for \$2,000 amount
- The \$1,000/\$1,600 additional credit phases out at \$75,000 S/MFS \$112,500 HH \$150,000 MFJ
- ADVANCED Child Tax Credit up to 50% of the IRS' estimated CTC for 2021.
 - Reconciled on the 2021 Tax Return
 - Excess CTC received must repay the advanced credit unless it falls under a Safe Harbor income limit. Does not apply to all cases
 - Letter 6419 will be issued to show how much was sent during the year.

⇒ Child and Dependent Care Credit (CDC) American Rescue Plan Act

For 2021 Only

- Expanded to \$8,000 per child up to \$16,000
- 50% of Qualified Expenses and can be refundable
- Maximum credit of \$4,000 per child up to \$8,000 for two children.
- Phase-out for Credit starts to phase out when AGI is more than \$125,000

2021 Individual Tax Update



⇒ Student Loan Debt Forgiveness

- Discharge of student loan is usually taxable.
- **IF** you receive a discharge of Student Loan Debt is not taxable for 2021-2025

⇒ Virtual Currency

- Virtual Currencies such as BitCoin continue to be a focus of the IRS
- New questions are required to be asked and responded to on each tax return
- Remember to bring in all transactions when filing a return. It is taxed the same as the sale of any capital asset at the capital gain/loss rules

⇒ Charitable Contributions

- **No Itemization:** \$600 MFJ and \$300 S/HH/MFS deduction for **cash** to a qualified charitable organization
- **Itemizers:** 60% limitation increased to 100% contribution max of AGI

⇒ Earned Income Credit

- American Rescue Plan Act allows you to opt into the amount of Earned Income Credit you received in 2019 instead of 2021 if there would be a more favorable
- For 2021, it has expanded in many ways this year

⇒ Premium Tax Credit—ObamaCare Health Coverage

- Individuals with household above 400% of Federal Poverty Level can qualify
- Special rules for those on unemployment

⇒ Miscellaneous Provisions

- Tuition Fees Deduction is repealed and not available for tax years after 2020.
- Mortgage Insurance Premium (MIP) deduction is extended to 2021
- Discharge of Qualified Principal Debt excluded from gross income is extended through 2025
- Non-Business Energy Credit Extended through 2021
- Employers paying Student Loan expenses can exclude up to \$5,250 of those payments from income
- Deduction for Medical Expenses will remain at 7.5% has been made permanent
- \$250 Educator Deduction includes PPE for expenses after March 12, 2020 to include 2021
- As a Reminder, Miscellaneous Deductions subject to 2% **is still not available.** You cannot deduct employee related expenses, tax preparation, investment expenses, etc.

2021 Individual Tax Update

⇒ Idaho Individual Update

- Effective January 1, 2021, all tax rates have been decreased. Individual income tax rates now range from 1% to 6.5%, and the number of tax brackets has been reduced from seven to five.

⇒ New for 2022

- Do you use Credit Card Processing, Venmo, PayPal, Etc? Beginning in 2022, you will receive a 1099K if you have received \$600 from any kind of Third Party Network Transactions

2021 Business Tax Update

⇒ Business Meals

- NEW for 2021 Businesses can deduct 100% of Ordinary and Necessary Meals purchased at a restaurant regardless of dining-in or taking out

⇒ Form 7203 – Shareholder Basis

- Basis for Stock will now be calculated on a new form instead of a 3 page worksheet
- Stock Basis is necessary for many tax related calculations



⇒ Business Miscellaneous Provisions

- C-Corporations can deduct charitable gifts up to 25% of the corporation's taxable income. (Increase from 10%)
- Work Opportunity Credit extended 2021-2025
- Paycheck Protection Program Loans - Expenses paid by proceeds forgivable or not forgivable are allowable deductions on the tax return
- New Reporting of Foreign transactions on a K2 and K3
- Credit for Sick and Family Leave is available for business' as well as the self employed if you qualify.
- Deferral of Employment Taxes are due 50% 12/31/21 & 50% 12/31/22
- Net Operating Losses for 2021 and beyond have an 80% taxable income limitation

Privacy Policy

We collect non-public information about you from the following sources:

- Information we receive from you.
- Information about your transactions with us or other (ie financial institutions).

Unless directed by you, we deny access to your personal and account information to anyone other than our staff. Without your permission, we do not disclose any non-public personal information about you to anyone, except when legally required or permitted in connection with fraud investigations and litigation. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your non-public personal information. Our policy applies to all current and former clients.