



January 7, 2022

Dear Clients and Friends,

Happy New Year to each of you. I hope 2022 brings everyone blessings.

As with the last year, we have the same challenge regarding stimulus payments. We will need to know exactly how much you received for you and your dependents. If you do not give us the correct amount, your tax return will be delayed at the IRS. We also have the addition of advance child tax credit payments. If you received those, we will need to know the exact amount you received. See below for more detail on that and some more changes.

New Issues for filing your 2021 Tax Return:

- **Stimulus Checks:** There was one for 2021. The IRS will issue you a **Letter 6475** late this month. I will need that letter, so be sure to bring that letter with your normal tax information.
- **Advance Child Tax Credit** – The IRS has already started to send out **Letter 6419** which will include the total amount of the advance child tax credit payments you received for 2021. We will need this letter, so include that with your tax information if it applies to you.
- **Charitable contributions.** The first \$300 (\$600 for a married couple) in charitable contributions will be deductible against your income on the front page of the tax return. The remainder will count towards your itemized deductions.
- **PPP Loans & EISL Grants: Businesses or Self-Employed individuals.** I will need to know this when I prepare your taxes and what amount was or is expected to be forgiven.

Just like last year, here are the items we will need:

1. Copies of your driver's licenses (if married we need both spouses). If they have not expired, since we saw you last year, then we do not need them again.
2. If you have minor children at home or children in college, we need proof of residency. This can be a notice from the school, a doctor's bill or a letter from your church or other organization. Whatever proof you provide, must have your child's name and your address on it.
3. If you have a new child, congratulations! Also, we will need a copy of their social security card for our file. If we don't have copies of your other children's social security cards, we may request those for our files as well.

4. Proof of health insurance is required only if you purchased health insurance through the Marketplace. Then, we must have your **form 1095-A**. Otherwise your return will be rejected, and we will have to re-do it once you provide us with the form.
5. Copies of all W-2's, 1099's and 1098 forms. We cannot accept written amounts; we must enter data off of these forms.
6. If the IRS has issued you or your spouse an Identity Theft Pin number, we will have to have that, or the IRS will reject your return.
- 7. If you have moved, please notify us of the address change.**
- 8. If you expect a refund and your bank account has changed, we will need your new banking information.**
9. If you would like an organizer, please give us a call, and let us know. If we prepared an organizer for you last year, we will automatically mail one to you.

Signatures for E-Filing authorization. The IRS is not allowing one spouse to sign for the other unless that spouse provides a written power of attorney signed by the other spouse. If only one spouse is coming to pick up your tax return, we must have the sign off back before we can e-file and it must be signed by both spouses. If you need an IRS power of attorney form, please let us know when you come to drop your tax information off, and we will gladly provide those to you. That will speed up the process if only one of you comes back to pick up the completed return.

Tax Info for 2021:

1. The standard deduction increased for inflation.

Filing Status	2021
Single	\$12,550
Head of Household	\$18,800
Married Filing Joint	\$25,100
Married Filing Separate	\$12,550

2. For a taxpayer or spouse who is age 65 or over or blind, the following additional standard deduction will apply for 2021:

Filing Status	Amount
Unmarried Taxpayer	An additional amount of \$1,700; \$3,400 for taxpayer who was both over 65 and blind.
Married Taxpayer	An additional amount of \$1,350; \$2,700 for each spouse that are both over 65 and blind.

3. For 2018-2025 the personal exemption is eliminated.

4. Business Mileage rates are:

2021	2022
\$0.56/mile	\$0.58.5/mile

5. Depreciation for Business Assets – No Change

Bonus depreciation pertains to qualified property with a useful life of 20 years or less. The applicable percentages are subject to a revised phasedown schedule that is shown below:

- 100% for property placed in service after September 27, 2017 and before January 1, 2023;
- 80% for property placed in service during calendar year 2023;
- 60% for property placed in service during calendar year 2024;
- 40% for property placed in service during calendar year 2025;
- 20% for property placed in service during calendar year 2026.

6. Section 179 Depreciation Rules

The maximum annual deduction allowed for qualified property has increased to \$1,000,000 in 2018 and forward. Phase out of the deduction starts at \$5,000,000 in fixed asset additions in 2018 and forward.

7. Estate Taxes

For taxpayers dying in 2018 through 2026, **Form 706** must be filed by the executor for the estate of every US citizen or resident whose gross estate and adjusted taxable gifts and specific exemption are more than \$11,180,000 (indexed for inflation each year going forward).

8. Gifts

The maximum (per person) annual gift you can give, without having to file a gift tax return is \$15,000 for 2021 and \$16,000 for 2022.

These are some highlights that I thought would be of interest to you. We are looking forward to serving you this year. If you need an extension, please give us a call, and let us know. If we don't hear from you by the deadline, we will do our best to file an extension as a courtesy. If you expect to owe, then we advise you to send the estimated amount with your extension to avoid additional penalties and interest. Please call us so we can get the voucher prepared for you well before April 18, 2022. Please note that the deadline for filing Partnership and S-Corporation returns is March 15, 2021.

Sincerely,

David M. Hayes, CPA