

As we approach the upcoming tax season, we want to highlight a few of the changes that may impact your tax return. If you want to meet with one of our CPAs, please make your appointments early to get the date and time you want because they will fill up fast.

If you have obtained insurance coverage through the Exchange you will received a Form **1095-A** and this **must** be provided in order to accurately complete your tax return.

- 1) Due to liability concerns from our insurance company, Stotler and Young, PC will no longer email tax returns or any other tax documentation directly to a 3rd party vendor such as banks. Clients requesting this will be advised to utilize our free online system to access their respective information or be charged a fee for our staff to email directly to the client. Please call our office if you have any questions regarding the use of our online system.
- 2) If you claim **mileage** and travel expenses, you must retain documentation of the miles traveled and travel related expenses that include the date, business purpose and destination. The IRS is looking at these expenses more closely. The rates are listed in the following table:

Time Period	Business Use	Medical/Moving	Charitable
Jan 1, 2020– Dec 31, 2020	57.5 cents	17.0 cents	14 cents
Jan 1, 2021 – Dec 31, 2021	56.0 cents	16.0 cents	14 cents

- 3) The **IRA contribution** limit for 2020 is \$6,000 if you are under age 50 and \$7,000 for those over 50. Your ability to deduct these amounts depends on your individual circumstances, and contributions may be made up until April 15, 2021 for tax year 2020.
- 4) Please let us know if you have **converted some of your retirement accounts to a ROTH IRA** as we must include this income for your 2020 tax return.
- 5) If you **sold investments, including cryptocurrency**, during the year, please make sure to obtain the basis in those assets and provide it to us. This may require contacting your current and previous Investment Advisor or looking up the original purchase documents.
- 6) If you have an **HSA or MSA** please be sure to include your current deductible and note the type of plan, i.e., family or individual plan. You have until April 15, 2021 to make your 2020 contribution. The max contribution for an individual or family plan is \$3,550 and \$7,100, respectively. For those over 55 years of age, an additional \$1,000 catch-up contribution is allowed.
- 7) For tax year 2020, a special deduction for qualified cash contributions, not to exceed \$300, is available to individuals who do not itemize. Receipts are required to deduct **charitable giving**. Single donations in excess of \$250 must have a required statement from the exempt organization stating that no goods or services were received. Non-cash donations must be in good or better condition. Additionally, if you do not itemize and have contributions in excess of \$500, Colorado provides a deduction for that amount.
- 8) Credits for qualified **solar improvements** have been extended in the new tax reform bill. For tax year 2020 the credit rate is 26% of the total cost of the improvements but will be reduced to 22% in 2021.
- 9) The CARES Act enabled any taxpayer with an RMD due in 2020 from a defined-contribution retirement plan, including a 401(k) or 403(b) plan, or an IRA, to skip those RMDs this year. This includes anyone who turned age 70 1/2 in 2019 and would have had to take their first RMD by April 1, 2020. This waiver does not apply to defined-benefit plans. In addition to the rollover opportunity, an IRA owner or beneficiary who had already received a distribution from an IRA of an amount that would have been an RMD in 2020 could repay the distribution to the IRA by August 31, 2020. The notice provides that this repayment is not subject to the one rollover per 12-month period limitation and the restriction on rollovers for inherited IRAs. Beginning in 2020, RMD's must begin starting the year the taxpayer reaches the age of 72.
- 10) The **estate and gift tax** exemption amount for 2020 is \$11,580,000, and the annual gift exclusion amount is \$15,000 per person.
- 11) The IRS has implemented penalties (minimum of \$10,000) for not reporting foreign assets (including cryptocurrency held in a foreign country) valued over \$50,000 or bank accounts that have cumulative balances over \$10,000 at any point during the year. If you think this applies to you, you must let us know.
- 12) **For all taxpayers who have active trades or businesses, the IRS requires total payments to individuals and partnerships over \$600 be reported on 1099s and be mailed by January 31st. The IRS has implemented penalties and fines per 1099 that is not filed by the deadline.** Fines have been increased for this area and payments need to be reported. Please see your tax advisor with any questions.

We look forward to working with you for your tax and accounting needs during the upcoming year.