

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 appointment early to secure your desired date and time as they will fill up quickly.

If you have obtained insurance coverage through a Health Care Exchange such as Connect for Health Colorado, you will receive 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 is prohibited from emailing tax returns or any other tax documentation directly to 3rd party vendors such as banks. Clients can utilize our free online system to access their respective information or be charged a fee for our staff to email documents 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 mileage rates for the upcoming tax years are as follows:

Time Period	Business Use	Medical/Moving	Charitable
Jan 1, 2021– Dec 31, 2021	56 cents	16 cents	14 cents
Jan 1, 2022 – Dec 31, 2022	58.5 cents	18 cents	14 cents

- 3) The **IRA contribution** limit for 2021 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 18, 2022 for tax year 2021.
- 4) Please let us know if you **converted any of your retirement accounts to a ROTH IRA** as we must include this income on your 2021 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/or previous investment advisor or looking up the original purchase documents.
- 6) If you have an **HSA or MSA**, please be sure to include your 2021 distributions/contributions and note the type of plan (i.e., family or individual). You have until April 18, 2022 to make your 2021 contribution. The max contribution for individual or family plans is \$3,600 and \$7,200, respectively. For those over 55 years of age, an additional \$1,000 catch-up contribution is allowed.
- 7) For tax year 2021, a special deduction for qualified cash contributions is available to individuals who do not itemize. The maximum amount is \$300 for individuals, \$600 for married couples filing jointly. Receipts are **required** to deduct charitable giving. Single donations in excess of \$250 must have a 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 on your Federal return and have contributions in excess of \$500, Colorado allows for a deduction for that amount.
- 8) Credits for qualified **solar improvements** will begin phasing out with systems installed in 2023. For systems installed in 2020-2022, the credit is 26% of the total cost of the improvements but will be reduced to 22% for systems installed in 2023. The credit will expire in 2024 unless Congress renews it.
- 9) If you were 72 or older during 2021 you are **required to take a distribution from your IRA** for 2021. You have an election to take the distribution before April 1, 2022, but will have to take another distribution before the end of 2022. In lieu of your required minimum distribution, you are eligible to make a **charitable contribution directly from your IRA**. This can result in substantial tax savings for those that qualify. Please see your tax advisor with any inquiries.
- 10) The **estate and gift tax** exemption amount for 2021 is \$11,700,000, increasing to \$12,060,000 in 2022. The annual gift exclusion amount for 2021 is \$15,000 per person, increasing to \$16,000 in 2022.
- 11) The IRS has implemented penalties (minimum of \$10,000) for failure to report 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 with active trades or businesses**, the IRS requires **total payments to individuals and partnerships over \$600 be reported on 1099s and mailed by January 31st**. The IRS has implemented penalties and fines for each 1099 not filed by the deadline. Fines have increased in this area and payments must 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. Thank you.