

Tax Talk

A Service of:
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Is It Over Yet? – The year is almost over and we are thankful to see it leave. We all have new vocabulary words we would rather not use and some have lost friends and loved ones as well. This has been a neverending year in many ways and that includes the tax business. I have prepared taxes for 35 years now and this was the first time our deadline moved to July 15. We had many new changes, credits and adjustments and, as most came during the height of tax preparation, we were learning on the fly. The newsletter for May never happened, the August one was timely and the November one slid into December and ended up mailed with the Christmas letter and the

tax checklist. If you are a small business owner filing a separate business tax return, you will receive a first ever (for us) business checklist as well. Completion of these will be helpful and we have listed documents needed for tax preparation.

“We have grasped the mystery of the atom and rejected the Sermon on the Mount...The world has achieved brilliance without conscience. Ours is a world of nuclear giants and ethical infants. Omar Bradley, WWII US General

Missing stimulus check? Some did not qualify for the check because of income requirements, but some may not have received one in error. If you have

not filed your 2018 and /or 2019 returns, please do so as soon as possible. There will be a reconciliation on the 2020 individual income tax return where you have another chance to get the funds. This is a repeat from the previous newsletter in case you missed it.

PPP Loans & Forgiveness. We continue to wait for Congress to act and clarify the PPP loans and forgiveness. When passed, there was much discussion that these were not to be included in income. The IRS agreed, but also stated that expenses paid from those funds could not be deducted. Congress has promised clarification, but the election has delayed passage or even agreement on any

legislation, so I anticipate laws passed in February or March of 2021 which means we will need to delay filing corporate tax returns until we have guidance. Since many corporate returns are due in March and April, extensions may be necessary.

Blessed is the man who fears the Lord, who finds great delight in his commands. His children will be mighty in the land; the generation of the upright will be blessed.
Psalm 112:1-2

CONTRACTOR

ALERT! If you are a contractor or working as part of the gig economy, there is a new form headed toward your mail box. Form 1099-NEC will now be used for contractors. The form must be filed with the IRS and a copy mailed to the contractor no later than January 31, 2021.

The old Form 1099-MISC will still be used for income like rents and royalties, but will no longer be sent to contractors.

Proverbs 12:14 "From the fruit of his lips a man is filled with good things as surely as the work of his hands rewards him."

WHAT IS VIRTUAL CURRENCY?

A new question has appeared on the tax return asking about virtual currency. This used to be limited to online gaming where you could earn it and then exchange it for prizes, tips and weapons. A few years ago, you began to hear terms like Bitcoin and these are money or value systems not subject to or regulated by a government. This means they are high risk and can be subject to manipulation and you have few options if you lose money by using/investing in them.

The IRS treats them as property and you are required to report gains and losses on all purchases, sales and exchanges. Please discuss this with us if you are handling virtual currency, so that we can assist you in correctly

reporting the information.

IS YOUR CHILD PART OF THE GIG ECONOMY?

I love when kids get motivated and excited about a subject or a project or a hobby. Some of those turn into income producing ventures, so be sure to help your child navigate the tax laws.

While I mowed lawns back in the day, kids today may be designing websites, or getting paid for gaming tips or YouTube channels. These are probably considered income and should be reported with any expenses to keep the child in compliance.

Samuel Morse, inventor of the Morse Code "The nearer I approach to the end of my pilgrimage, the clearer is the evidence of the divine origin of the Bible, the grandeur and sublimity of God's remedy for fallen man are more appreciated, and the future is illumined with hope and joy."