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2020 Tax Information & Checklist

Below you will find information to assist you in preparing for the 2020 tax return season. Included are important deadlines, procedures, and checklists for filing individual income tax returns, corporate tax returns, 1099-NEC informational returns (NEW), business personal property tax returns, and more. Please carefully read the sections that apply to your tax situation.

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Section 1: New and Changing Information (this is not a comprehensive list)

- **Recovery Rebate Credit:** You may be able to claim the recovery rebate credit if you meet the eligibility requirements from 2020 and one of the following applies: you did not receive an Economic Impact Payment in 2020, you are single and your payment was less than \$1,200, you are married, filed jointly for 2018 or 2019 and your payment was less than \$2,400, or you did not receive \$500 for each qualifying child.
- **New Charitable Deduction:** New this year, taxpayers who don't itemize deductions can take a charitable deduction of up to \$300 for cash contributions made in 2020 to qualifying organizations.
- **Refund Interest Payment:** The IRS sent interest payments to individual taxpayers who timely filed their 2019 federal income tax returns and received refunds. Interest payments are taxable and must be reported on your 2020 federal income tax return. In January 2021, the IRS will send a Form 1099-INT, Interest Income, to anyone who received interest of at least \$10.
- Generally, the IRS will open the e-file system on or around January 27th.
- This will be the third year that the Tax Cuts and Jobs Act (TCJA) will apply to returns. Please let us know if you have any specific questions about the changes.
- The medical expense threshold for deduction on 2020 returns has again been moved back to allow for medical expense deduction for expenses over 7.5% (down from 10%) of adjusted gross income.
- The individual mandate for health insurance (and the penalty for lack of coverage) has been repealed starting in 2019, but a few states still have their own version of the mandate penalty.

- The deadline for FBAR reporting of foreign bank accounts moved up from June 30th to April 15th, with an automatic extension available to October 15th.
- Business owners must send the new 1099-NEC forms out to independent contractors by February 1st. This retains the earlier deadline instituted in 2017. 1099-MISC filings (now only for payments to vendors other than independent contractors) are also due to the recipient by February 1st.
- The IRS has already stated that refunds filed early in the year claiming the Earned Income Credit or the Additional Child Tax Credit will be delayed until at least February 15th.

Section 2: Important Deadlines

Below is a timeline of important dates to keep in mind during the 2020 tax return season.

▶ **February 1st:** 1099 deadline for business owners

▶ **March 15th: Partnership & S-Corporation Income Tax Return Deadline**

▶ **March 15th:** All tax documents and information must be received at our office by this date for us to guarantee that your individual income tax return will be filed by the April 15th deadline. Extensions are available after this point.

▶ **April 1st:** Deadline for Georgia businesses filing their business personal property tax return with the county (most counties). This is also the deadline for renewing a Corporation or LLC with the Georgia Secretary of State.

▶ **April 15th: Individual Income Tax Return Deadline.** An automatic six-month extension can be filed at this point but please remember that this only extends the filing deadline; it does not extend the payment deadline. If you think that you will owe with your 2020 return, you should consider making an extension payment to alleviate any interest and penalty.

▶ **April 15th:** This is also the deadline for making 2020 contributions to an IRA, HSA, GA 529 Plan, and other accounts which allow prior year contributions.

▶ **September 15th:** If you extend your **Partnership or S-Corporation** return, this will be the extended due date. No extensions are available after this point.

▶ **October 15th:** If you extend your **Individual** return, this will be the extended due date. No extensions are available after this point.

Section 3: Data Security and Privacy Policy

The security of your information is extremely important to us. Please do not send unencrypted personal information via email. If we send you a PDF with your social security number on it, it will be encrypted. Fax and snail mail are both secure ways to transfer us your documents.

If you have a Dropbox account (setup at [Dropbox.com](https://www.dropbox.com) for free), this is also a very secure and convenient way to transfer your documents. If you would like to use Dropbox, please let us know and we will send you a link to a shared folder that you can use to send your documents to us.

Please review our [Privacy Policy](#) at your convenience.

Section 4: Individual Income Tax Checklist

Below is a checklist with common income and expense items to jog your memory about what to get together for preparation of 2020 tax returns. This list should help to ensure that you are not missing any important documents. You will not have all the items below, but it is important to review the list in case you have taxable income or deductible expenses that may have slipped your mind.

INCOME

- W-2 and/or 1099-MISC: You should receive these no later than January 31st.
- K-1 from a Partnership or S-Corporation
- Business Income
- Rental Property Income
- Social Security Income
- Retirement Account Distributions
- Disability Payments
- State Income Tax Refunds
- Interest, Dividends, and Stock Sales
- Unemployment Compensation
- Jury Duty Pay
- Tips
- Gambling Winnings
- Virtual Currency (E.g. Bitcoin) Transactions
- Foreign Bank Account Interest/Dividends

DEDUCTIONS

- Charitable Donations (Cash and Non-Cash)
- Charitable Miles Driven
- Student Loan Interest
- Education Expenses
- Child Dependent Care Expenses
- Medical Expenses (Generally, you must have expenses in excess of 7.5% of Adjusted Gross Income before this becomes deductible.)
- Eligible Energy Efficient Improvements
- HSA Contributions
- Retirement Contributions
- Alimony Paid (pre-2019 agreements)
- Gambling Losses (to the extent of winnings)
- Investment Interest Expense
- Casualty Losses (Federally Declared Disaster Areas)
- Educator Expenses
- Business Expenses (Including Office in the Home expenses if applicable.)
- Mortgage Interest
- Real Estate Property Taxes
- Georgia 529 Plan Contributions
- Annual Ad Valorem Vehicle Taxes

OTHER

- Were there any changes to your address, marital status, or number of dependents?
- Were you and everyone claimed as a dependent on your return covered under a qualified health insurance plan during each month of the year?
- Did you purchase/sell a home during the year? If so, please include the two-page HUD closing statement.
- Did you make any major purchases during the year? (E.g. car, boat, etc.)
- Did you make any estimated tax payments? If so, please include amounts and dates.
- Did you have any debts canceled or forgiven during the year?
- Did you pay any household employees during the year? (E.g. nanny, gardener etc.)
- Did you inherit or receive any money/property as a gift during the year?
- Did you make any large gifts during the year?
- Did your direct deposit information change? If so, please include a voided check.
- Did you exercise any incentive stock options?

ADDITIONAL LIST FOR NEW CLIENTS

- Please include a copy of your most recent two years of federal and state income tax returns.
- Please indicate your date of birth and the date of birth for your spouse and/or any dependents.
- If you would like to set up direct deposit for refunds and the banking information is not listed on your prior year return, please include your bank routing and account numbers along with your other documents. (A voided check is best.)

Section 5: Small Business Checklist

- Gross sales (**Broken out by state if a Multi-State Business**)
- Returns and allowances
- Inventory at the beginning of the year
- Purchases
- Cost of labor
- Inventory at the end of the year
- Advertising expenses
- Auto expenses
- Bank charges
- Business licenses
- Commissions and fees
- Business Meals
- Gifts
- Insurance (other than health insurance)
- Interest expense
- Internet expenses
- Legal and Professional fees
- Office supplies
- Rent expense
- Supplies
- Taxes
- Licenses
- Telephone and Fax expenses
- Utilities
- Other expenses
- Equipment purchased, date purchased, cost, and date placed in service.
- Office in the home expenses

Section 6: Rental Property Checklist

- Rental Income received (Notify us if you have QBI Rental Income)
- Advertising expense
- Cleaning & Maintenance
- Commissions
- Insurance
- Legal and Professional fees
- Management fees
- Mortgage Interest
- Repairs
- Supplies
- Taxes
- Utilities
- Assets purchased, date purchased, cost, and date placed in service.

Section 7: 1099-NEC and 1099-MISC Processing, S-Elections, and BPPT returns (business owners only)

1099-NEC Forms are the new forms required for non-employee compensation payments and must be issued to both the vendor and the IRS by February 1st. 1099-MISC Forms must be issued to the recipient by February 1st. This retains the earlier deadline that was instituted a few years ago. The general rule is that 1099s are required to be issued to any unincorporated vendors that were paid \$600 or more for services or rents. See <https://www.irs.gov/instructions/i1099misc> for more information. An LLC taxed as a sole proprietorship or partnership must be issued a 1099, while those taxed as an S-Corporation do not have to be given a 1099. After receiving a W-9 from unincorporated vendors that meet the \$600 threshold, you will have all the information necessary to make the correct decision on whether a 1099 is required. (It is best practice to require a signed W-9 prior to releasing the first payment to a vendor.)

If you are an LLC considering the S-Election, please contact our office ASAP. The deadline for filing this election is the first 75 days of the calendar year.

Business Personal Property Tax (BPPT) returns are due by April 1st in most Georgia counties. This return reports all property and inventory owned by your business as of January 1st and is required (unless expressly notified by your county) of ALL businesses regardless of asset levels. ALL assets must be reported to the county regardless of whether they were expensed or depreciated on the income tax return.

Section 8: Important Additional Notes

Fees and Hourly Rates: Average Income Tax Return Rates are \$280-\$390 for Individual Returns and \$390-\$550 for Corporate Returns. Total fees can fluctuate outside of these ranges if the return is significantly more or less complex than average. Each return will have a software reimbursement fee included of \$40 (individual returns) or \$70 (corporate, partnership, and trust returns). Bookkeeping is billed at \$90/hour (unless a discounted monthly/quarterly bookkeeping contract is in place), Consulting is billed at \$120/hour, Accounting Review is billed at \$120/hour, and Tax Return Preparation is also billed at \$120/hour.

Tax return preparation, bookkeeping, and/or payroll services do not constitute comprehensive financial planning. All advice is based on the information available to us and we may not be aware of all the pertinent financial factors. Tax return preparation only provides us with limited information about your overall financial situation.

This tax organizer contains limited information about a variety of issues. It is not intended to be a complete discussion of each topic. Please feel free to give us a call if you have any specific questions.