

## TAX NEWSLETTER - SPRING 2020

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As the dust settles on the CARES (first) ACT (the COVID-19 Stimulus), I wanted to reach out with some useful information and remind you about the power of tax planning. Tax planning is part of the service I provide at no additional charge, and is key to your financial planning as well.

### **CURRENT TAX OFFICE HOURS: M-F STARTING AT NOON PACIFIC TIME**

**2019 TAX DEADLINE JULY 15<sup>TH</sup>:** If you still need to file 2019 taxes, please try to send me your documents and information ASAP so we can file your return by the July 15<sup>th</sup> deadline. I will be extending client discounts if I receive your documents and info by June 15<sup>th</sup>, or if you're willing to have your deadline extended to October 15<sup>th</sup> and maybe not be filed by exactly July 15<sup>th</sup>. I'm also hoping you'll consider sending documents long before the October deadline because we might be homeschooling our kids again this fall.

**IRS IS CLOSED:** Currently, there are no IRS employees answering phones, and the fax lines are turned off. Mail is being stored in trailers off site for when employees can return. I am advising that anything needing to be mailed to the IRS not be mailed until they are open again. However, they are accepting payments by mail.

**RETROACTIVE CHANGES TO 2018 TAX LAW:** If you had non-solar energy efficient improvements to your home, limited tuition and fees deduction, unqualified mortgage insurance premiums or an 80% underpayment penalty, then there is a possible amendment to your 2018 tax return (once the IRS is open again to accept them). If you think you are on this list and did not receive my prior email, please send me an email.

**STIMULUS PAYMENTS:** By now, about 70% of the people who qualify for the one-time stimulus payment of \$1200/tax payer have received it. If you need additional information:  
<http://cresseyrice.com/wp-content/uploads/2020/05/COVID-19-ADDITIONAL-INFORMATION-1.pdf>

Q: Will I have to pay back my stimulus money if I make over the threshold for 2020 taxes or the 2019 taxes if filed after I received the stimulus money?

A: **No.** They are currently promising that nobody will have to pay it back for any reason.

Q: I didn't qualify for the stimulus \$, but my 2020 income will be under the threshold, when will I qualify for the payment?

A: It will **become part of your 2020 tax return**. If your prior income prohibited you from receiving all or any of the stimulus money, but your 2020 income is lower, then the stimulus \$ will be a tax credit on your 2020 return.

Q: Is the stimulus payment taxable income or considered income for federal relief purposes?

A: **No, it's not taxable income or considered income for federal relief purposes.**

## DEADLINES EXTENDED – MORE THAN JUST THE TAX RETURN DUE DATE:

The following deadlines have been moved to July 15<sup>th</sup> for this year:

- Individual and Business return filings and paying
- Contributing to your Traditional IRA for the 2019 tax year
- First Quarter estimated tax payments for 2020 taxes (Q2 Estimates still due June 15<sup>th</sup>)
- Amending 2016 tax return for a refund (3 years after deadline time limit usually)
- Funding your HSA or MSA accounts (usually through work)

## CHANGES FOR RETIREMENT FUNDS:

- Retirement distributions between March 27<sup>th</sup> and September 23<sup>rd</sup> - \$100,000 w/drawn due to COVID-19 reasons will be exempt from the 10% penalty (but STILL TAXABLE) if you're under 59½ (but they may still be requiring that you have 20% federal income tax w/held). Make sure to utilize my tax planning if you w/draw. Only take what you'll need.
- Required Minimum Distributions (RMD's) – if you were supposed to start taking a RMD from your retirement account in 2020, you are no longer required to take one. New rule there: If you reach age 70 ½ in 2020 or later you must take your first RMD by April 1 of the year after you reach 72.
- Retirement Fund Loans (401K Loans) have been opened up and rules expanded. If this is an option you'd like to utilize, please contact me directly and I can talk you through the options.

## TAX PLANNING:

- Any changes in your income or life can come with tax changes. Please reach out and let me help you know where you're at tax-wise. Here are just some of the life events that could use tax planning:
  - o Job or income changes
  - o Marital changes
  - o Children – when they turn 17/go to college/etc
  - o Moving
  - o Selling or Renting your home
  - o Starting a business/change in business
  - o Retirement

**WARNING: BEFORE ACCEPTING COVID-19 MORTGAGE RELIEF PLEASE READ THE FINE PRINT – REPAYMENT SCHEDULE SEEMS TO BE VERY UNREALISTIC.**

**WATCH FOR SCAMS! THE IRS WILL NEVER REQUEST YOUR INFORMATION! THE IRS WILL NEVER CALL YOU OR EMAIL YOU. IF YOU RECEIVE A LETTER FROM THE IRS OR STATE DEPARTMENT OF REVENUE, PLEASE SEND ME A COPY SO I CAN ASSIST YOU WITH THE LETTER AND MAKE SURE IT'S NOT A SCAM.**