



FALL TIME TAX NEWSLETTER – PLANNING IS KEY!



November, 2020

www.cresseyrice.com

Hello,

We sincerely hope this finds you staying healthy and doing well. This year of upheaval and uncertainty has brought us a clear focus – serving you. We are here to help you know where your taxes stand and be your tax resource. Please reach out at any time with your questions or concerns. Planning is extremely crucial as we're still feeling the repercussions of the 2018 tax law changes along with many drastic changes effecting your 2020 taxes. Cressey does not charge for planning – and appreciates working with you during the off season so that tax time is not a surprise. If you are wondering at all what your 2020 taxes are going to look like, please send us your most recent pay stubs or P&L and any other income/deductions changes.

Many Blessings,

Your CR Tax Service Team: crtaxservicetcp@gmail.com

Heather Johnson – Customer Service/Manager/Payroll & WA Taxes – TEXT/TALK 360-205-2820

Heather has been a much-needed addition to the office. She is your first point of contact, makes sure you know where your tax return is at in the process, replies to emails & phone calls, works with payroll businesses, and keeps track of our internal processes.

Cressey Rice -- Enrolled Agent/Owner – OFFICE PHONE 360-588-4935

Hiring and training Heather this fall is a game-changer. Being able to just focus on your taxes and your tax planning is Cressey's dream, and we're so thankful that we have Heather to make this happen. Cressey checks over your tax returns to finalize, talks with you about current and future taxes, and helps you plan ahead.

Brandy Hooper – Tax Preparer – TEXT/TALK 360-207-6202

With over 6 years of experience preparing taxes with Cressey, Brandy works with you to prepare your taxes before sending them to Cressey for check-out. Brandy now has her own tax phone/text number. She has championed the use of our Intuit Link portal, and is a fierce advocate for delving into the details.

Rick Frydenlund – Office Helper

Rick is a retired accountant and cherished neighbor who helps part time with office duties. He keeps our sense of humor in line and ensures that we can focus on taking care of your tax needs.

NEWS:



REPORTABLE INCOME VS. TAXABLE INCOME: COVID STIMULUS MONEY

Sometimes income needs to be reported on your tax return even if it's not taxable. Retirement rollovers and stock sales are regular examples. For 2020, everyone will account for either receiving or not receiving the stimulus payment. To know:

1. We will report your stimulus payment on the 2020 tax return – this is a requirement and may slow down processing if you're not sure how much you received.
2. If you did not receive any or all of the amount due to you for the stimulus, you will receive that on your 2020 tax return.
3. **NOBODY** will be paying back the stimulus money, and it **IS NOT TAXABLE**

TAX LAW CHANGES FOR 2020?

The 2018 tax law changes are still in effect and changing slightly every year.

Any tax law changes ahead will not come right away, and yes, they may be retro-active. For planning ahead, there is really only one constant. Tax rates will most likely not go down. If you'd like to convert Traditional IRA/401K money into a ROTH (i.e. pay taxes on the income now), then this is a year to consider that.

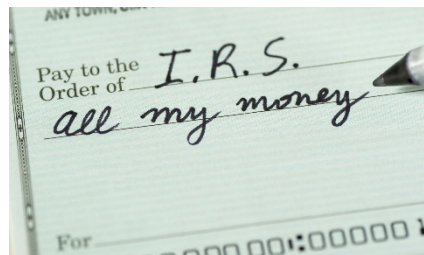
All the other minor changes stemming from the CARES Act are related to the COVID-19 circumstances and are on a case-by-case basis. You may be eligible to w/draw retirement funds without the additional 10% penalty, but would still pay income taxes.



LATE FILING VS. LATE PAYMENT:

The IRS issues penalties based on late filing. If you owe the IRS, then the taxes are due on the original due date of the tax return (not including extensions). If you don't pay by the original due date (filing can come later), then you are assessed a late payment penalty. If your taxes are filed after the extended due date then you are also assessed a late filing penalty (which is based on how much you owe the IRS).

If the IRS owes you a refund instead, then you are not assessed a late filing penalty. The IRS owes you interest from the original due date and you only have three years after the original due date to file the taxes and receive your refund. After that three years, you may still be required to file, but you will not receive the refund.



WHAT HAPPENS WHEN I OWE THE IRS?

The IRS gives you time to pay your tax bill, but the lee-way of time comes with a requirement to communicate with the IRS. Technically, you have ten years from the date the return was filed to pay the IRS before they can levy any of your assets. However, you must keep in communication, and make an effort to pay. If your bill is high enough, you may request an "Offer in Compromise," but reducing the amount due is based on your assets and how much you can afford to pay back. We can help you navigate your options, and plan ahead so that you don't owe the IRS forever.

CRESSEY - WHAT ARE MY OPTIONS IN THIS ECONOMY?

As the dust has not yet begun to settle on the economic upheaval of 2020, I encourage everyone to take a moment to reflect on where you are and where you are heading. The landscape of our "normal economy" has been completely upended, and I encourage you to be creative. Small businesses are what make the United States truly great, and we have the freedom to start our own businesses. We all deserve to be living our passions. Many of your passions are centered around serving other people, and I encourage you to think big and outside the box. We are here to help you achieve your dreams, no matter their type. Please utilize our free planning services when exploring your options.



SMALL BUSINESSES:

COVID-19 small business relief comes with lots of follow-up and applications beyond the initial push to receive the aid. We're working with you to help complete PPP applications, and to make sure your unemployment insurance doesn't increase due to COVID-related lay-offs. We also want you to know where your tax liability stands. Contact us with any of these concerns/questions so we can help with applications and help make decisions about end-of-year adjustments.

SUPPORT YOUR LOCAL SMALL BUSINESSES:

Are you looking for ways to utilize more small businesses instead of corporations? Feel free to check with us about small businesses in your area or with remote access. From air conditioning & car detailing to real estate, body piercing to interior design, from jewelry and accessories to marketing and writing services, and from photographers/videographers to models and professional athletes - we would love to connect our clients together in order to make the world a little smaller. Reach out any time for a referral in your area 🍷.



REMINDER: SCAMS STILL ON THE RISE!



The IRS and state taxing agencies will NOT call you. If you receive an unsolicited phone call or email, it is a scam. If you receive a letter regarding your taxes, please send us a copy of the letter so we can help respond or determine it's validity.