



Certified Public Accountants

35 West Union Avenue • Bound Brook, NJ 08805 • 732/560-9519 • Fax: 732/271-0607

January 2022

Dear Client(s);

Welcome to 2022 and the 2021 filing season. We do hope that 2021 treated you and your family well. Unfortunately, while we had hoped to be able to offer in person appointments this year, due to the surge in Coronavirus cases, we will be operating on a remote basis for the foreseeable future. While we recognize that this may not be ideal for all, we want to do everything possible to keep our office operating through the entire season. We will still have telephone and zoom appointments available for your drop-offs and pick-ups should you choose this method. **Our deadline for submission of information to guarantee completion of your returns by the April 18th deadline will be March 25, 2022.** For those planning to go on extension, April 7th will be the deadline to guarantee your information will be input to create a compliant extension.

During this tax season we will be launching an application called Liscio which is designed to offer secure transmission of all documents. In addition, all correspondence through this application will be stored here securely. For those of you with e-mail addresses in our system you will have and will be receiving information regarding enrolling in this program. If you have an e-mail address not in our records and would like to participate in this program or have changed your e-mail address since last year, please let us know so we can update your information accordingly.

We will still be accepting tax information dropped off in person and through the mail. This application is designed to secure electronically transmitted documents so we are encouraging those who prefer an electronic method to enroll in the Liscio application.

While we are aware that tax season 2020 did not run smoothly for some of you, we have been working diligently to smooth the way for 2021. However, the IRS has already doubled down on a less than flawless tax season and there are returns from 2020 that have still not been processed. With that in mind, we are encouraging clients to submit their 2021 information to us as soon as possible. For those of you who had to file paper returns in 2020, and your returns have been processed, you should have received a PIN from the IRS which will be needed in order to e-file your return for 2021. Some of you may also have signed up for the voluntary IP PIN program on the IRS website. The PINs for you will be available in your accounts and will also be required to electronically file. If anyone is interested in obtaining an IP PIN for the 2021 filing season, you may access the process on www.irs.gov.

At this time, there are few changes to the Tax Laws for 2021, although we are monitoring proposed legislation before Congress that has the potential for retro-active changes to 2021. Some items that at this time did not carryover to 2021 from 2020 are the \$10,200 exclusion of Unemployment Benefits, the exclusion of the 10% Premature Distribution penalty for Covid related retirement distributions and the exclusion of the Advance Premium Tax Credit recapture for Marketplace Health benefits. If you have any of these items in 2021, this may create a significant difference from your 2020 filing.

MEMBER NJCPA

Items based upon 2020 return information that will be required for the 2021 filing are the amount of the third EIP (Stimulus) payment received and the amount of any Advance Child Credits received by those qualifying. The IRS is mailing Form 6475 to those who received the third EIP (Stimulus) and Form 6419 to those who received Advance Child Tax Credits. Both forms will be required for accurate preparation of your tax returns. The IRS will be reconciling this information before processing your returns so it is important for this information to be correct. We recommend that you compare the IRS forms with your records to make sure the forms accurately reflect your payments received. If you moved during the year and did not update your address with the IRS, you may not receive these forms and you will have to access this information on your account with the IRS. If you do not have an IRS account, we suggest you establish one on the IRS website www.irs.gov. **Returns that are filed and do not accurately reflect these payments will be held for further review by the IRS and will delay any refunds.**

For those of you who took a Covid relief qualifying premature distribution from a retirement account in 2020 and elected to claim the income over a three-year tax period, please remember that one-third of this 2020 distribution will be included in your income for 2021. For those of you who pay Social Security Self-employment Tax and elected to defer a portion of the employer portion of this tax, half of that deferral will be picked-up on your 2021 return. These amounts will be in addition to your 2021 tax liability.

On the website you will find a checklist, which may assist you in compiling your 2021 tax information. A more detailed organizer will be mailed or e-mailed to you upon your request. As always, we hope that you will contact us early to secure your preferred appointment time and we will be available to discuss the issues raised in this letter as well as any others you may have. When you drop-off your information with or without a scheduled appointment, it is important that you completely **fill out the Drop-off Questionnaire on the website**, and the optional IRS disclosure form on the opposite side. We are looking forward to working with you soon.

Sincerely;



Wendy Spinner, CPA



Michael Spinner, CPA