



# HOW TO REDUCE TAX SEASON ANXIETY & 2020/2021 TAX UPDATES

Acker Behl Accounting  
1260 Sentry Dr. Suite 160  
Waukesha, WI 53189

[www.ackerbehlaccounting.com](http://www.ackerbehlaccounting.com)  
[info@ackerbehlcpa.com](mailto:info@ackerbehlcpa.com)

# TAKING THE ANXIETY OUT OF FILING

- ▶ Tax Season – it's that time of year
- ▶ Be truthful: report all income and don't inflate deductions
- ▶ Stigma around filing and IRS doom
- ▶ Start Early - Don't procrastinate – it causes stress
- ▶ Know your limits – Ask for help if you need to
- ▶ Easier access to tax advisor if you run into problems completing it yourself
- ▶ Money is stressful, preparedness is the solution (more on that later)

# PREPARING FOR TAX FILING

- ▶ Organization for gathering documents & information
- ▶ Prior Year Checklist
- ▶ Collect your documents in one place
- ▶ File early - you can get your refund earlier or you have time to plan if you owe
- ▶ Maintain organized records over time/year to year
- ▶ Typically all tax forms are mailed, make sure you have mail forwarding if applicable

# FILING TAXES

Have a plan and decide what method you are going to use to file

- ▶ Paid Software Providers
- ▶ Paid Tax Preparer – Certified Public Accountant (CPA), Attorney, Enrolled Agent (EA)
- ▶ Free File Software (links available on IRS website for specified income limits)
  - ▶ <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>

# FILING TAXES – REDUCE YOUR STRESS

- ▶ If you are worried about filing yourself, that is okay, you are not alone!
- ▶ Know your limits and know that it is okay to ask for help
- ▶ We are not experts at everything
- ▶ Laws have continued to change and are more complex than they once were
- ▶ Your individual situation has most likely evolved

# TAKE THE ANXIETY OUT OF OWING

- ▶ Review your withholding during the year
- ▶ If you have major changes in income, adjust withholding
- ▶ Update your W-4 withholding form each year as needed
- ▶ Remember, you can extend the filing deadline to October 15<sup>th</sup>, however, the tax is due on April 15<sup>th</sup>
- ▶ If you do owe and cannot pay, file the return & work out a payment plan with the IRS - Failure to file is worse than not paying

# WHAT COULD GO WRONG... AND HOW TO FIX IT

- ▶ Identity verification (both IRS & state level)
- ▶ Rejected filings
- ▶ Identity theft
- ▶ PIN numbers
- ▶ Missed filings
- ▶ IRS letters

# IRS NOTICES

Common Reasons an IRS Notice would be received:

- ▶ Income reported doesn't match IRS records (all forms not reported)
- ▶ Schedule C deductions high compared to income (Self-employed business)
- ▶ Schedule A deductions high compared to income (Itemized deductions)
- ▶ Investment Account – stock sales not reported



# IRS NOTICES (CONTINUED)

- ▶ Take the time to research and respond - Don't do nothing!!
- ▶ Don't assume that the IRS has properly calculated the tax liability
- ▶ Often times they only account for the income and not the basis or expense
  - ▶ Stock sales
  - ▶ HSA forms
- ▶ Set up an amended return to calculate the true liability

# IRS TAX SCAMS

The IRS does not:

- ▶ Call to demand immediate payment, nor will the agency call about taxes owed without first having mailed you a bill
- ▶ Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe
- ▶ Ask for credit or debit card numbers over the phone
- ▶ Threaten to bring in local police or other law-enforcement groups to have you arrested for not paying

For more information:

<https://www.irs.gov/newsroom/tax-scams-consumer-alerts>

# 2020 – 2021 TAX UPDATES

- ▶ Stimulus money is not taxable, but there is a reconciliation on the return to be sure you received the funds.
- ▶ Unemployment Benefits Taxable including Federal Addition
- ▶ Working remotely from a different state
- ▶ No Home Office Deduction for employees
- ▶ 401(k) Hardship withdrawal
- ▶ Charitable Contributions – New above the line deduction
- ▶ Virtual Currency Reporting
- ▶ Medical & Dental Expense deduction – 7.5% of Adjusted Gross Income

# 2020 – 2021 TAX UPDATES

- ▶ Individual Retirement Accounts (IRA) Contributions
  - ▶ 2020 & 2021 - \$6,000 Roth & Traditional (over age 50 catch-up contribution additional \$1,000)
  - ▶ Contribution must be made before tax filing deadline without extensions
  - ▶ Subject to income limitation
- ▶ Health Savings Account (HSA) (if your health insurance plan qualifies)
  - ▶ 2020 - \$3,550 Single, \$7,100 Family (over age 55 catch-up contribution additional \$1,000)
  - ▶ 2021 - \$3,600 Single, \$7,200 Family (over age 55 catch-up contribution additional \$1,000)
- ▶ Required Minimum Distribution (RMD) not required in 2020

# 2020 – 2021 TAX UPDATES

- ▶ Education Credits
- ▶ Energy Credits
- ▶ Payroll Tax Deferral
- ▶ Payroll Protection Plan (PPP) Loan for small business & self-employed
- ▶ 2021 Same Tax Rates, Income Brackets Adjusted
- ▶ Standard Deduction increased for 2021
- ▶ Capital Gains Tax Rates
- ▶ Annual Gift Exclusion – 2020 & 2021 - \$15,000

# LINKS

- ▶ IRS Website
  - ▶ [www.irs.gov](http://www.irs.gov)
  
- ▶ Wisconsin Department of Revenue
  - ▶ [www.revenue.wi.gov](http://www.revenue.wi.gov)