

December 24, 2020

# Veritas Tax, Business & Consulting Services Group, Inc.

## December 2020 Newsletter



Best wishes to everyone for a very happy and healthy holiday season! It has been quite a year on many levels as the pandemic has affected us all locally and globally. But better days are ahead, and we are excited to move forward into the new year!

As of this writing another US stimulus package awaits congressional and presidential approval. Though the details are still being finalized, we at least know that there is second stimulus check planned as well as an extension of unemployment benefits and the moratorium on evictions. Monies are also available for additional Payroll Protection Program (PPP) funding. However, this time around there will be a targeted focus to distribute funds to borrowers with less than 300 employees who have experienced a 25% or more downturn in business. More details to follow as they become available.

Here are a few reminders, updates, and other items to review:

- CARES Act stimulus payments are not taxable.
- If your stimulus payment was issued but you did not receive it, then please call the IRS EIP hotline at [800-919-9835](tel:800-919-9835) to begin a trace on the payment.
- Unemployment benefits are taxable at the federal level and in most states. If given an option, we usually recommend that you elect to have taxes withheld from your payments.
- If you qualify for a stimulus payment but did not receive it during 2020, then there is a reconciliation on the 2020 tax return that will provide you with a credit in the amount of your eligible stimulus payment.
- Considering a year-end withdrawal from your pension fund (i.e. IRA, 401k, etc.) for COVID-related reasons, or did you make one earlier this year? You will not be subject to the 10% early distribution penalty. You can also choose to recognize the withdrawal as income for tax purposes ratably over a 3-year period.

Continued page 2

### Highlights

---

Updates

Service Enhancements

More Updates

Identity Theft Initiative

2021 Tax Calendar

Often Asked Questions

Business Services and Entity  
Formation

Representation and  
Resolution Service



As a company we are constantly evolving as we look to improve our client service. We provide video chat capabilities along with the usual phone, email, and texting options. Beginning in 2021 you will have the opportunity to use electronic signatures when signing documents. This can be completed using your phone or computer. Whether it is an engagement letter, e-file authorization, or power of

attorney form, the electronic signature service will improve the ease and efficiency of the filing and signing process. Your secure portal has a new user-friendly design as well. We now accept ACH payments and will offer clients the option of having their service fee withheld directly from their refunds. Finally, we are excited to be in the process of moving our office to the Cambridge area. Yeah! We expect this to be complete by January 15th of the new year.

**Be sure to check out our website at: [www.veritastax.com](http://www.veritastax.com). You can obtain updates, access your secure portal, make payments, and much more. We are in the process of making upgrades to the site so please check back regularly.**

### Identity Theft Initiative

Beginning in 2021 more filers may be eligible for identity-protection personal identification numbers (IP PIN). This is a 6-digit number assigned by the IRS to help verify a taxpayer's identity on individual returns. It is randomly generated and changes each year. To prevent identity theft, the IRS will not accept a taxpayer's return without the IP PIN.

### Updates from page 1 continued...

- Keep receipts and a record of your charitable contributions for 2020. As part of the CARES Act, taxpayers can take a charitable contribution deduction of up to \$300 regardless of whether you itemize your deductions on your 2020 tax return. Hint, hint.
- If you use 529 Plan funds for a child's education and received a refund from a school because of canceled classes or housing due to the coronavirus, you can redeposit funds into the 529 account without penalty if made within 60-days.
- 529 Plans can be used to pay student loan debt.
- RMD's are not required for 2020. Note that normally you must take your first required minimum distribution for the year in which you turn age 72.
- There is no longer an age limit for making Traditional IRA contributions.
- Taxable fellowship and stipend payments are now treated as compensation for IRA purposes. This can help post-docs and others establish retirement plans earlier.
- If you received a PPP loan, please keep an accurate record of the amount received as well as the related qualifying expenses. Should you choose to make a forgiveness request, whether the loan is forgiven before 2020 year-end may determine the reporting required on your 2020 tax return. Also, in some cases there are federal and state differences between the reporting of PPP monies.



## Often asked questions...

“When can I file my 2020 individual tax return?” - The IRS has not yet set an exact date. Most likely electronic filing will begin sometime between January 15<sup>th</sup> – 27<sup>th</sup>. Entity returns may be earlier. Be sure you have received all your tax documentation and gathered other necessary information.

“How long will it take for the IRS to process my amended return?” – The IRS states that it can take up to 16-weeks to process an amended return. Note that COVID-related delays have extended this timeframe.

“What if I haven’t received my refund from a prior year?” – The IRS and state tax agencies have a process in place to trace a prior year refund and reissue a new check if needed.

“How can I lower my audit risk?” – Audits occur for a variety of reasons. These include random selection, related examinations, statistical screening, and even audits conducted to test the tax agency’s own internal controls to name a few. We reduce audit risk by accurately and correctly reporting a client’s financial and tax situation. Recordkeeping is a big part of this to ensure that credits, deductions, expenses, and even income are adequately substantiated.

“Do I need to report financial assets outside the US?” – It depends on whether the aggregate value of these assets reaches certain thresholds. The characterization of these assets (i.e. pension account, foreign partnership, stocks, life insurance policy, bank accounts, etc.) impacts what – if any – reporting is required as well.

“Are payment plans available if I have a balance due?” – Each tax agency has a variety of payment plans which can be tailored to an individual client’s situation. Being in a payment plan keeps you in compliance.

## 2021 Tax Calendar Filing Deadlines

January 15<sup>th</sup>: 2020 4<sup>th</sup>  
quarter est. tax payment

February 1<sup>st</sup>: W2/W3 and  
most 1099 forms due

March 15<sup>th</sup>: Partnership and  
S-corp returns due

April 15<sup>th</sup>: Corporate, FBAR,  
and Individual filings and 1<sup>st</sup>  
quarter est. tax payment  
due; calendar-year Estates  
and Trusts due without  
extension

May 15<sup>th</sup>: Non-profits due

June 15<sup>th</sup>: 2<sup>nd</sup> quarter est. tax  
payment filing and returns  
for US residents outside the  
US on April 15<sup>th</sup> due

September 15<sup>th</sup>: 3<sup>rd</sup> quarter  
est. tax payment filing and  
Partnership and S-corp  
extension returns due

October 15<sup>th</sup>: Corporate,  
FBAR, and Individual  
extension returns due

January 15, 2022: 2021 4<sup>th</sup>  
quarter est. tax payment due

**Current Address:**

36 Concord Avenue, Ste. 1  
 Somerville, MA 02143  
 P: 857-706-2555  
 F: 857-302-3537

**Find us on the Web:**

[www.veritastax.com](http://www.veritastax.com)

**Email us at:**

[admin@veritastax.com](mailto:admin@veritastax.com)

*Personalized, Professional,  
and Trusted Service*



## Business Services and Entity Formation

Changes in the economy, with technology, and in the workplace are leading more people to start their own business. It often makes sense from a tax perspective for independent contractors as well to consider forming their own entity, or at the very least to understand the various concerns that go into effectively and efficiently operating as a self-employed individual or sole proprietor.

Please reach out if you are self-employed, an independent contractor, or are considering whether to establish a business entity or non-profit organization and would like to know what type of entity makes the most sense for you. We provide business and entity formation services. This includes making required state registrations, reviewing the liability and tax considerations of such a choice, as well as other factors including an appropriate accountable plan and the various retirement plan options that can be a part of your business.

Whether it is a corporation, limited liability company, partnership, or non-profit, we have the knowledge, resources, and tools to get you up-and-running and keep you compliant year-after-year. We do so by providing you with the ongoing advisory, accounting, bookkeeping, and payroll services you need to succeed, in addition to the year-end tax filings.

## Representation and Resolution Services

As Enrolled Agents, we provide clients with tax representation and resolution services. This includes audit, appeals, collection, innocent spouse, tax notice, and service with related issues. We work to ensure our clients are in compliance with both the federal and state tax agencies. The cost of compliance is less than the cost of noncompliance.

Bringing non-filers into compliance is currently one of the IRS's main initiatives. Another is to get those with outstanding liabilities into payment agreements. States such as MA have similar efforts. We have been able to negotiate payment plans that work for our Please reach out if you, or someone you know, might need assistance with these or other tax and business compliance issues.

As always please contact us with questions as they arise. It is usually better to ask, than ask not. Our tax and business service encompasses much more than your annual tax filings.

***Thank you for choosing Veritas Tax,  
Business & Consulting Services Group, Inc.***