

December 31, 2019

Veritas Tax, Business & Consulting Services Group, Inc.

Tax and Business Updates

Welcome to the end of one year, and the beginning of a new one! The year began with taxpayers seeing (and feeling) the effects of the 2017 tax reform, and now is ending with the passage of additional tax legislation in the SECURE Act. Here are a few reminders, updates, and general informational tax and business items for you to review.

End of Year Reminders

Save those receipts and statements from day camp and daycare! You can deduct the cost of day camp, but not an overnight camp, for qualifying dependents as part of the childcare credit along with daycare expenses.

Qualifying charitable contributions need to be made before year-end in order to count towards your current year's taxes. This includes payments to donor-advised funds, gifts of stock, and qualifying charitable distributions from IRA accounts.

December 31st is the deadline for taking any required minimum distributions (RMD's) from retirement accounts. The penalty is 50% of your distribution if you miss the deadline.

Along with employees, self-employed individuals can also make contributions to the Massachusetts Paid Family Medical Leave program (MA PFML). This includes those who are S-Corp owner-shareholders. The cost is minimal when compared to the benefit in a time of potential need.

If you rent qualifying property under the Massachusetts short-term rental law, be sure that are making the necessary filings and remittance of any taxes on a timely basis.

Qualifying dependents must have a social security number to be claimed for the Child Tax Credit. ITIN's are no longer accepted.



Highlights

End of Year reminders

Fraud and identity theft

SECURE Act extends some expired or expiring tax breaks

New legislation concerning retirement savings

Foreign accounts, tax compliance, business and entity formation, and filing notes

See pages 2 and 3 for 2020 Estimated Tax and Filing information



Addressing fraud, identity theft, online scams, and phishing remains a top priority for the IRS and each state's department of revenue/taxation. Should you receive a suspicious phone call, email, or questionable looking tax notice, please do not open any email or attachments, or provide identifying and personal information over the phone. Contact us as we can assist in reporting the

incident to the IRS and Federal Trade Commission. You may also need to complete a police report of the incident.

Most states now require id or license information when filing your tax return electronically.

We have a secure fax line, as well as a secure portal to use when uploading and downloading documents online. You can access the portal via our website.

As Enrolled Agents, we provide tax representation and resolution services. This includes audit, appeals, collection, innocent spouse, tax notice, and related issues.

2019 and 2020 Estimated Tax Calendar

January 15th: 2019 fourth
quarter est. payment due

April 15th: 2020 first quarter
est. payment due

June 17th: 2020 second
quarter est. payment due

September 16th: 2020 third
quarter est. payment due

January 15, 2021: 2020
fourth quarter est. payment
due

The SECURE Act and Retirement Savings

The SECURE Act was passed in mid-December. Some of the highlights include the following provisions:

- Mortgage insurance premium deduction extended
- Tuition and Fees Deduction extended
- Medical expense deduction threshold remains at 7.5% of AGI
- Kiddie Tax rates revert back to pre-TCJA levels
- Qualifying expenses for 529 Plan funds to include student loans and apprenticeships
- Miscellaneous business and energy incentives including a credit for employers offering paid family and medical leave to employees, and a larger and additional credit for small businesses establishing retirement plans
- RMD's for IRAs to start at age 72
- Removal of the 70 ½ age limit for Traditional IRA contributions
- Taxable fellowship and stipend payments treated as compensation for IRA purposes
- Qualifying part-time employees are eligible for 401k participation

Additional items that may be applicable to your situation can be discussed further in person.



Note about accounts and investments outside the U.S.

Foreign accounts are subject to different levels of reporting in the United States in accordance with the Foreign Bank Account Report (FBAR) and Foreign Account Tax Compliance Act (FATCA). Reportable accounts include foreign bank accounts, foreign stock, and life insurance contracts. Foreign mutual funds, equity funds, hedge funds, company ownership, and other investment activity may have additional and specific reporting requirements.

If you have an interest in a company, estate, partnership, or trust that is either located outside the US, or that has accounts and investments outside the US, you may also need to make additional disclosures and filings related to these items. This often means attaching a requisite form to your tax return.

Note that US citizens or residents living abroad are still required to file an annual tax return each year. Please contact us if you haven't so that we can help get you into compliance.

Penalties for failure to file, or report accounts and investments outside the US, are quite onerous.

What does tax compliance have to do with my passport?

A lot! Your passport application or renewal can be denied due to outstanding tax liabilities and obligations. Even if you are not able to pay the outstanding balance, we can help get you into compliance and get that passport processed.



Upcoming 2020 Tax Calendar

January 31st: deadline w/o extension to issue W2/W3 and most 1099 forms

February 15th: 1099-B and related forms issued

March 15th: Partnership and S-Corp filing deadline w/o extension

April 15th: C-Corp, FBAR, and Individual filing deadline w/o extension

May 15th: Non-profit and Tax Exempt organization filing deadline w/o extension

June 17th: Individual filing deadline if out of country on April 15th

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and Trusted Service*

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Business and Entity Formation

Contact us if you are considering whether to establish a business entity or non-profit organization. We provide business and entity formation services. Whether it's 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 can also discuss the advisory, accounting, bookkeeping, and payroll services you might need.

Filing Notes

Please contact us if you need assistance preparing and filing the following forms: 940, 941, 1042-S, 1099, and W2/W3. We provide after-the-fact payroll processing and filing of these and other related tax forms.

We file extensions based upon our client's individual situation. Note that an extension of time to file is not an extension of time to pay any related taxes that might be due once the completed return is filed. This includes corporate and payroll taxes. We will make an estimate of any tax you might owe by the original filing deadline so payment can be made on a timely basis. This negates or reduces the failure-to-pay penalty incurred when taxes are not paid on time.

You can expect to receive an email update before January 10th. This will include additional filing information, a tax organizer, and other related items.

Please contact us with questions as they arise. It is usually better to ask, than ask not. And given that there may be filing considerations, deadlines, etc., please reach out.

Happy New Year!

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