



Adams & Associates

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Tips & Blips

Tax Changes for 2022!

Did you receive the Advance Child Tax Credit this year? You will need the amount of advanced credit you received to file your taxes this year. The form has already been mailed early January, so be on the lookout for that.

Also don't forget that the third stimulus payment will be counted on your 2021 taxes. Also in early January the IRS is mailing letter 6475 confirming the amount originally received and any "plus up" payments through out the year. These payments will affect your refund and need to be accurate on your return, or else they may delay your refund.

In 2020, the first \$10,200 of unemployment was not taxable, but in 2021 all unemployment income is fully taxable for 2021.

Charitable contributions were extended for those who don't itemize. For 2021 it is \$600 for a married filing jointly return and \$300 for all other returns.

What Information Do I Need for My 2021 Income Tax Appointment?

- **NEW** this year -2021 Total Advance Child Tax Credit Payments-Letter 6419
- **NEW** for this year –**Amount of Third Stimulus received (Notice 1444)**
- Copies of last year's Federal, State, and Local Tax Returns, if new clients.
- Form **1095 A** Health Insurance from the Market Place
- 2021 **Final Local** Return Forms. (Contact your local government for these returns)
- 2021 **W-2s, 1099s, or K-1s**. For a Sale of Stock you **must** obtain your **cost basis** from your broker, or there will additional fees.
- Amount of any **estimated tax payments** made to the Federal, State, or Local governments for Tax Year 2021.
- **Social Security Numbers** and **birthdays** for all taxpayers and dependents.
- The **closing/settlement** sheets for any home purchased, sold, or refinanced.
- Amount of any **education expenses**. The educational institution that you attended must supply you with a Form **1098-T**. **Required to complete return**
- Any **interest** paid on a mortgage, home equity loan, second mortgage, and student loans. Your lender should provide this information by February 1, 2022. If you do not receive this information, contact the lender and request it!
- **Property Taxes paid** on *all* property you owned in 2021 or prepaid for 2022.
- Amounts paid for **employee business expenses** such as books, publications, licensing fees, uniforms, union dues, etc.
- Medical expenses such as long-term care insurance, health insurance, doctors' fees, prescriptions, hospitalization fees, mileage, and parking. Remember, these expenses have to exceed **7.5%** of your adjusted gross income in order to be deducted.
- For our clients that are in Sales or Construction, Self-employed, and/or own Rental Property, please call to find out what possible deductions apply since the list is rather extensive.



Let us help your business grow!

- Bookkeeping
- Payroll
- Financial Statements
- Tax Filings
- Tax Planning
- Financial Planning

Tax Year 2021 Deadlines

- Personal Income Tax Returns
April 18th 2022
- Schedule C-Sole Proprietor
April 18th 2022
- Estates and Trust Returns
April 18th 2022
- Partnership Returns
March 15th 2022
- S Corporation Returns
March 15th 2022

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Adams & Associates is a family-run business that has been successful helping Pittsburgh residents with their Income Tax, Accounting, and Financial Planning needs since 1978. We offer Payroll Services, Bookkeeping, and all kinds of Tax Planning and Filings. We are available all year to our clients to help with their financial needs!

Refer A Friend Program Pays out Cash

Thank you to all our clients who participated in our Refer A Friend program making it a resounding success again! Adams & Associates Refer A Friend Program has paid out over \$13,000 since it's inception! We are so pleased with this program that we have decided to increase the payout to \$30.00 this year per new client. So for every new client referred that has their taxes prepared by Adams & Associates we will pay you \$30.00!

As an extra incentive, we are now offering a free income tax return, up to \$500 in value, for referring ten new clients to us in one year. This is in addition to the \$30.00 per person you receive once they file their return with Adams & Associates!

Who do you know that we can help?

IRS Hot items for Enforcement

There always seems to be a number of items that the IRS is focusing on. Some of the current topics the IRS is focused on are foreign assets, cryptocurrency transactions, and unreported income.

Foreign assets. The IRS has been focused on the reporting of foreign assets for some time now and the penalties for not reporting can be severe. There are enhanced reporting requirements if you have any type of foreign asset, be it a foreign bank account, pension plan, rental property, ownership of a foreign company, etc. The income derived from these assets is includable on your U.S. tax return and the value of each of these assets might need to be reported, either with your tax return and/or separately to the IRS or Treasury Department.

Cryptocurrency transactions. Cryptocurrency (i.e. Bitcoin, Ethereum, etc.) is becoming more and more common. Transactions involving cryptocurrency have tax implications. The IRS requires anyone filing a tax return to answer the following question. "At any time during 2021, did you receive, sell, exchange, or other acquire any financial interest in any virtual currency?"

Unreported income. If you are making extra money by doing side jobs, be it driving for a ridesharing company such as Uber or Lyft, selling crafts on Etsy, delivering meals with Grubhub or DoorDash, renting out a room in your house via Airbnb, or any other way, it needs to be included on your tax return. Unless specifically excluded under the Internal Revenue Code, all income is taxable. This includes income that is not reported to you on one of the various Forms 1099, foreign income, and barter income.

Federal and state differences. When it comes to taxes, most of what you read and hear from the media has to do with federal tax law. Remember that each state has its own tax law and just because something is not allowed for federal taxes (or you do not qualify) does not mean that you are not able to include it on your state tax return

