

Notice 2020

December 8, 2020

General Information & Reminders

- Remember to update your employees' W-4 Forms (the form is also available on our website).
- Make sure to perform a year-end inventory count.
- Remember to review your data backup and security settings.
- Paid Family Leave in New York has increased to 12 weeks, and to 67% of weekly wages, up to \$971.61 per week.
- When hiring new employees, fill out Form 8850 to determine if **you qualify for a tax credit of 25-40% of first-year's wages** (e.g., when hiring employees who received unemployment or SNAP benefits, etc.).

Special Laws & Grants under the CARES Act Affecting 2020 Filing

- \$300 charity deduction for filers utilizing the standard deduction.
- Charity limit increased to 100% of income for filers claiming itemized deductions.
- Taxpayers with a Net Operating Loss in 2018, 2019, or 2020 can carry back the losses up to five years and potentially claim a tax refund.
- Economic Impact Payment (**stimulus**) of \$1,200 per adult and \$500 for each qualifying child will be included in 2020 tax credit (if not yet received).
- Sick and Childcare Leave Credit available to self-employed individuals.
- IRA 10% early distributions penalty waived for any coronavirus-related distributions up to \$100,000; taxes spread over a three year period.

Rate and Wage Changes:

- **New York Minimum Wage as of January 1, 2021, is as follows:**
 - Employed in NYC (unchanged) \$15.00
 - Employed in Nassau, Suffolk, and Westchester County \$14.00
 - All other areas in New York State (Upstate) \$12.50
- **New Jersey Minimum Wage as of January 1, 2021, is \$12.00.**
- **New Jersey Sales Tax Remains at 6.625%.**

Form 1099

The IRS requires every entity to report and file Form 1099 for payments made to individuals or LLCs **in the course of your trade or business.**

This requirement applies to payments of \$600.00 or more remitted during the year for non-employee compensation or for services such as professional fees, commissions, repairs, rent etc.

Form W-9 (also available on our website) is especially helpful in collecting the applicable information. You should always have it on file for each recipient prior to providing the first payment.

Payments made by Credit Card, PayPal etc. are exempt from filing Form 1099.

Please scan your files and share this information with us before **January 20, 2021**, to ensure timely filing of the 1099 Forms.

The information for filing should include the following:

- Name of recipient
- Address
- SS or Tax ID
- Amount paid during 2020

Foreign Accounts

If you have any foreign accounts or authority over a foreign account, make sure to inform us before filing your tax return as this has become an enforcement priority at the IRS.

Amazon and Online Sellers selling abroad should pay special attention to this.

Last-Minute Tax Planning

Here are a few quick ideas that can help reduce or defer your net income to the following year.

Accrual basis filers: Delay invoicing customers until Jan 1st and ask your vendors to bill you before December 31st.

Cash basis filers: Pay off all your expenses before December 31st and don't collect/deposit your income before January 1st regardless if already invoiced.

Please schedule a consultation for more advanced tax planning.

Firm fees 2021

Consultation \$275 per hour.

Please feel free to contact us with any questions.