

Tax & Financial Guide

Business and Personal ACCOUNTING, TAX,
SOFTWARE & FINANCIAL PLANNING SERVICES

First and Second Quarter Tax Estimates are due July 15, 2020. If you want us to prepare them, you must have your income, deductions and withholding amounts in our office by June 30, 2020.

Please call our office to discuss any of the items in this newsletter that may pertain to you.



Sharon L. Murphy, EA

5911 W. Vliet Street
Milwaukee, WI 53208

Phone: 414/453-8655
Fax: 414/453-6396

Email: sharon@murphyea.com
Web site: www.murphyea.com

Tax Code Changes

There have been lots of changes this year. With the tax code changes there are opportunities to do some tax planning.

Some changes to the tax code for 2020 include: Employers can pay down up to \$5250 in employee's student loans without the amount being taxable to the employee. You are able to deduct \$300 in charitable donations without itemizing.

If you choose to make charitable donations and are at least 70 ½, you can have the donations transferred

directly from your IRA to the charitable organization. Since fewer people are able to itemize their deductions, this is a way to reduce your taxable income without itemizing.

Over the counter medicines without a prescription as well as menstrual products can be paid for with HSA/Flex spending/HRA accounts. \$10,000 of 529 Plans can be withdrawn to pay off student loans. Mileage rates for 2020 are 57.5 cents for business, 17 cents for medical and 14 cents for charitable.

Stimulus Payments

The Government has been sending out stimulus payments to recipients through direct deposits into their bank accounts, checks mailed to them, and 4 million will receive a debit card in a blank envelope marked Money Network Cardholder Services. If you had a child in 2020 you may get an extra stimulus payment for the child when you file your 2020 tax return depending on your income level.

A lot of people who received the stimulus had no changes to their financial situation either because they are still working

or they are retired and their income remained the same. If this is your situation, think about sharing your stimulus with service providers in your life who have had their income curtailed due to Covid. The barbers, hairstylists, massage therapists, nail techs, daycare providers, gym and workout workers, bar owners, restaurant owners and workers, etc. have had their lives uprooted. If you can share your stimulus with those in need, it will help us all get back to "normal".

529 Distributions

If you had a 529 distribution in 2020 and the money paid for school was refunded due to Covid 19 closings, you have 60 days after receiving the refund to put the money back into the 529 fund.



IRA RMDs

For the IRA Required Minimum Distribution, previously you were required to take it when you turned 70 ½ years old, but now you have until 72 years of age if you didn't turn 70 ½ before 12/31/19.

Because of Covid 19 the tax code has been changed so no one needs to take any RMD in 2020. If you received your RMD between February 1 and May 15, you have until July 15 to put the money back into your IRA so it's not taxable income.

If you are transferring money from your IRA to a Roth IRA in order to reduce your future RMD, you have an extra year to do it.

*Murphy Financial Services, Inc.
web site is at www.murphyEA.com*

If you misplace your newsletters, or your information sheets that I have given you (i.e. contributions, enrolled agents, etc.), you will be able to find them on the web site.

Please note that our e-mail address is: sharon@murphyea.com.

PRIVACY POLICY

We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information only to IRS or state authorities and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.

Tax Information Due 6/15/20

As always we have a schedule for when to get your information to us, and added preparation fees if your records are late. If you want your tax returns prepared by 7/15/20 and you get your records to us by 6/15/20 there is no added charge. If you get your information to us after 6/15 and before 7/1/20, we will charge you an extra 25% to prepare your returns by 7/15/20. If you get your information to us after 7/1/20 we will prepare an extension for you,

otherwise we would charge you 50% extra if we can get your tax returns prepared by the due date.

Anyone getting their information to us during July will pay an extra 50% preparation fee. If you get your records to us in August, you will be subject to an additional 75% preparation fee. If you get your records after August, we will charge you an even larger fee, depending on when we receive your information.

Estimates and Tax Returns

The first quarter and second quarter estimates for 2020 are both due 7/15/20. If you have estimated payments to make, be sure to set aside money for any income you receive without withholding because you will be making a much larger payment covering 2 quarters.

2019 tax returns and payments are due without an extension on 7/15/20. You have until then to make contributions to IRAs, SEP

accounts, and HSA accounts.



Unemployment

If you are receiving unemployment benefits, they are taxable on your 2020 tax returns. If you haven't had federal and state withholding taken out, we need to talk. You must have extra withholding to cover your shortfall, or pay estimate taxes.

Amended 2018 Returns

When we prepared 2018 tax returns, congress hadn't made any last minute changes for 2018. The changes were not made until February of 2020 and were retroactive to 1/1/18. We have been preparing amended 2018 tax returns for clients who had energy credit qualified purchases for their main home, or paid private mortgage insurance in 2018.

If you paid for either of these things in 2018 and haven't heard from us regarding an amended tax return, give us a call. We are in the office Mondays, Wednesdays and Thursdays.

414/453-8655

Milwaukee, WI 53208
5911 W. Vliet Street

MURPHY
FINANCIAL
SERVICES, INC.

