



Tax & Financial Guide

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

Fourth Quarter Tax
Estimates are due
January 15, 2021.
If you want us to
prepare them for you,
we need your
income, deductions and
withholding amounts in
our office
by January 7, 2021.

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



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Tax Events

Well the elections are over but it doesn't look like congress will make any tax code changes before yearend. If they make changes later that are retroactive to 2020, it will be their typical mess.

During 2020 you should have received a stimulus payment if your income was low enough. If you had a child during 2020 you should get the extra \$500 stimulus payment with your 2020 tax return. If you alternate the deduction for dependents with another parent and didn't claim the child or children on your 2019 tax return, you may be able to get

the stimulus payment for them on your 2020 tax return. We will review it when preparing your return.

If your employer didn't withhold social security on your payroll checks from September 1, 2020 to December 31, 2020, that money must be repaid starting January 1, 2021. If you changed employer you will probably be responsible for the repayment on your own. This was one of the president's executive orders. Most employers chose to ignore it since they knew it would create a problem after the first of the year.

Gather Information

Since this tax season could be challenging for everyone, we suggest you gather your documents and information as soon as possible. The tax forms are supposed to be mailed to recipients by January 31, 2021. Ideally, you should bring your records to us by the middle of February.

If you are waiting for K-1s (which are distributed later in the year) or investment statements (sent when the investment companies get around to it), you should get your other information to us as soon as you have it and bring

the balance of your info to us when you receive it.

We also need you to return our organizer with your records. We can mail or email the organizer to you. If we don't hear anything to the contrary, we will mail them to you in early January.

When tax related things change during the year, we can't always update our website or send out letters to each of our clients. If you are on facebook, you can check out the Murphy Financial Services facebook page. We generally post tax code changes during the year.

Covid Decisions On Several Topics

We are still contemplating whether or not to open our office to everyone and whether to install plastic protective barriers. Our decision will probably depend on when vaccines are available, how quickly they are distributed, and who will get them.

We must be able to protect our employees and clients from contracting covid. The latest news says there will be 100 million vaccines in December, January, and February but that is a small percentage of the population.

Some of the vaccines will be a series of two shots and others will be a single shot. At this point, it looks like we could still be under lockdown. We will all be so much happier when we can see this mess in our rearview mirrors.

We also don't yet know if congress will make any changes to the filing season, like they did the past few years. We are assuming that we need to prepare tax returns by April 15 with the information that is already in place in the tax code.

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.

Business Details

If you use your vehicle for business, record the odometer on December 31, 2020. This will give you total miles for the year if you do this every year. Also keep records of business miles.

If you made business payments of \$600 or more to anyone except a corporation during 2020 you must issue 1099s to both government and recipient by January 31, 2021.

Secure Delivery

We locked our office down on March 17, 2020 and haven't reopened. We still have a dropoff bin by our back door for people bringing info to us while we are in the office. We have a locked mailbox on our back door if you drop things off when we are not in the office.

We had many clients last

Personal Notes

I am again transplanting free greens, currently aloe and snake plants. Let me know if you want one.

I will be out of the office for

If you want us to do it, we need details by January 20. Call us for information.

If you sell business products you must calculate ending inventory on December 31, 2020. The inventory is valued at your cost of the items, not the amount you will sell them for. The ending inventory is for products ready to sell, materials that will be used to produce more inventory, and any products partially produced.

year who found they could send records to us via our secure, encrypted email. Just ask for our secure email to be sent to you. You then attach your records to it. Some clients still mail their information.

We still have a pickup service for \$20. There are many ways to get your information to us for the upcoming tax season.

a week or two in December for shoulder surgery. I've forwarded office phone lines to my cell phone. I will check email daily. You will be able to contact me as easily as usual.

Additional Paperwork Needed

Paperwork we will need from you besides the W-2s and 1099s you are issued. If you got a divorce in 2020 bring your divorce papers.....Bring in the settlement statements if you bought or sold a property.....If you received unemployment we need the UC statement which you probably must download..... Bring in your Form 1095-A if you are on the Market Place health insurance.....If you paid for any health, dental, or vision insurance with out of pocket money, not pre-tax income, we need the amount paid.....Bring in your final pay stubs for 2020, Form 1098 mortgage interest statements, charitable donations amounts, real estate tax bill and receipt.....If you or your dependents are in college bring in your Form 1098-T.....If you receive any correspondence from the IRS or the state taxing authorities get these to us when you receive them.

Please don't wait until yearend in case there is something that needs to be done in a timely fashion.

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