

J. AUSTIN TAX SERVICE

WHAT'S NEW FOR 2020

Hello all, it's been a heck of a year but we still have to file income taxes. The IRS still has not advised when we can start efilting. I'm sure it will probably be the last week in January. Our website, www.jaustintaxes.com, has all the information you will need to start getting your documents together for your drop off (if you require an appointment, we can arrange that). Look under the resource tab for the Client Check List. The email addresses are the same as last year – jaustintax@yahoo.com and austingreentaxes@gmail.com. Phone number 269-965-1973 and fax number 369-223-7625.

Office Hours: Monday thru Friday – 9 a.m. to 7 p.m., Saturday 9 a.m. to 5 p.m. Closed on Sunday for our catch up day.

When you drop off your taxes, please advise us of your email address and any address or phone number change.

Clients who are insured through the Marketplace must provide us with the 1095-A form.

Charitable contributions – A new deduction allows an eligible individual who does not itemize to deduct up to \$300 of cash contributions to a qualified charity. Effective Jan. 1 through Dec. 31, 2020, the CARES Act raises the maximum deduction for cash gifts to 100% of the taxpayers AGI if they are able to itemize deductions.

Federal student loan payment relief – The Federal Student Aid suspended loan payments, stopped collections on defaulted loans & waived interest by temporarily setting interest rate at 0% from March 13 thru December 31, 2020.

For tax year 2019 and forward, we can now electronically file 1040-X forms or amended forms. This will enable you to get a speedier refund.

The Residential energy efficient property credit for 30% of expenditures for qualified solar electric, solar water heating, fuel cell, small wind energy & geothermal heat pump property of 30% ended in 2019. The credit is in effect through 2021 at a reduced rate of 26% for 2020 & 22% for 2021.

Taxpayers claiming the education credit must have a completed Form 1098-T; otherwise, no credit was allowable. However, there are exceptions this year, that may be more favorable to claiming the credit without the 1098-T.

Adoption credit for tax years beginning in 2020 – the maximum adoption credit amount is \$14,300.

Business deductions – Mileage rate for business is .575, charity is .14 & medical is .17. Lodging is \$96 per day, meals & entertainment is \$55 per day, transportation is \$66 per day & incidental expenses is \$5 per day.

Daycare per diem for meals – Breakfast \$1.33, Lunch & Supper is \$2.49 & snacks are \$.74.

In 2020, the contribution limit for a traditional IRA is the smaller of the taxpayer's earned income or \$6,000 (\$7,000 if age 50 or older). For 2020 & later, there is no age limit for making traditional IRA contributions. The age an individual must begin taking the required minimum distribution is 72.

The 10% penalty on early withdrawals, up to \$100,000, from IRAs and qualified retirement plans for qualified coronavirus-related distributions is waived. Special repayment rules apply.