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**At your earliest convenience,
please DROP OFF your
tax records
Time for Taxes!**

Thank you for entrusting your 2019 tax return preparation to Berman and Sons. We look forward to being of service to you again this year **Due to potential Covid-19 government restrictions and health concerns, 2021 tax return processing may require some significant changes.** We'll keep you posted.



- ⇒ **Important:** Enclosed are our Tax Checklist (yellow), Charitable Contributions (white) and Tax Preparation (blue) forms. These **must** be filled out, signed and submitted to us with your tax records. We cannot process your return until we have these completed. This is to ensure that we have all the necessary information to prepare a complete and accurate tax return. **Please see back page for assistance in gathering your 2020 tax information.**

What's New?

The comprehensive tax law changes that went into effect January 2018 are all still in effect in addition to 4 major pieces of legislation passed in 2020, making tax preparation more complex. Please visit our website (Worksheet tab) for a more detailed summary of the changes.

Healthcare Exchange – While there is NO penalty for being uninsured, there is still additional paperwork required for those who had health coverage through the Healthcare Exchange. There is a reconciliation process IF you received any premium assistance from the government. You may be entitled to additional credits OR you may have to pay back some or all of the assistance you received. You **MUST** provide all 1095-A forms issued from the agency. There will be additional charges for the required paperwork

Qualified Business Income Deduction (QBID). The 20% business deduction, subject to numerous limitations, is still available for certain qualified businesses and individuals. This applies to self-employment income and all pass-thru entities, including certain investment partnerships. You must provide all of your business activity and / or Schedule K-1 forms. This also applies to any REIT investments you may have outside of retirement accounts. There is substantial paperwork that has to be filed and additional fees will be charged, if applicable.

Home Office Expenses – With many employees being forced to work from home in 2020, I suspect many of you have incurred unreimbursed costs to establish and/or maintain a home office. Be advised that since 2018 there is **NO tax deduction** for ANY unreimbursed employee expenses, including home office. Only self-employed individuals with a “qualified” home office can take these deductions. I suggest that if this continues into 2021, you ask your employer for a tax-free reimbursement.

Economic Impact Payments (EIP) – These are the stimulus checks you received in either or both 2020 and 2021. Unless you received a duplicate payment in error (got married in 2020 or deceased taxpayer) there is no requirement to pay these back nor are they included in income. There is a reconciliation process on the 2020 tax return and we need to know the amount(s) of any Stimulus checks you received. The IRS is promising to set up a portal to retrieve this information but we cannot be certain it will be up and running in a timely manner. Processing Delayed?

For those taxpayers eligible to claim the Earned Income Tax Credit, the Child Tax Credit, the American Opportunity Tax Credit or HOH filing status, additional documentation may be required in order to secure the tax benefits. **Refunds for those returns with refundable credits will be delayed until after February 15th.**

All new dependents on the tax return will require birth certificate and social security card.

UNEMPLOYMENT BENEFITS (BOTH FEDERAL & STATE) ARE SUBJECT TO TAX! OBTAIN DOCS FROM IDES WEBSITE.

\$\$ Referral Drawing \$\$

Refer a "New" client to us for tax preparation and you can win up to six \$100 cash prizes! "New" means we did not prepare their 2019 tax return. Ask them to let their preparer know they were referred by you and we will enter your name into the referral drawing. We randomly pick six winning referral cards each year. 1 Entry for every referral. Referral cards are available in our office.

INFORMATION NEEDED TO PREPARE YOUR TAX RETURNS

In addition to page 1 items

1] All W-2 (wages), F-1099-R (pension), W-2G (gambling winnings), F-1099-NEC/MISC (contract labor), F-1099-INT (interest earned), F-1099-DIV (dividends earned), along with any K-1's (partnership, Sub-S, trust/Estate income.)

a] Cancellation/Reduction of debt (Form 1099-C). (**credit card, home loans, etc**) This is reportable income.

b] Short sale, foreclosure on or repossession of real estate. (Form 1099-C or 1099A) May be taxable.

2] Statements showing the amount of **unemployment** or social security (or SSI) benefits received.

Unemployment recipients may have to access their tax statement via their online account.

3] ITEMIZED DEDUCTIONS (Sch A):

Medical Expenses Paid:

Health Insurance	\$	
Other Expenses	\$	

Real Estate Taxes Paid: *Bring tax bill*

Primary Residence	\$	
Other property(non-rental)	\$	
*Sales Tax(large purchase)	\$	

*bring receipts

Mortgage Interest Paid: (F-1098's)

Primary Mortgage	\$	
Equity/2nd Mortgages	\$	

Charitable Contributions: **MUST have receipts**

Cash/Checks	\$	
Non-Cash Items Value **	\$	

** IF OVER \$500. BRING DETAILED RECEIPTS STATING VALUE OF ITEM(S).

Employee Exp.'s:

Union/Prof. Dues	\$	
Job Education	\$	
Small tools	\$	
Uniforms	\$	
Safety boots/clothes	\$	
*Other	\$	

*no longer deductible

4] Child care expenses, including REQUIRED information: Name, address and Tax ID# or SS# of provider(s).

a) Required even if you had dependent care assistance through your employer

5] Any other items of income or expense you feel may be applicable to your tax return, including:

a) Cost of college tuition (**Form 1098-T required**) and fees paid for yourself or dependents, including books and classroom materials.

Student account activity statement or other proof of payment and book receipts are required.

May be available through student's online account.

b) College loan interest paid (**include Form 1098-E**).

**** IN ADDITION ****

If you sold stock or mutual fund shares, or **exercised employee stock options**, we need BOTH the purchase AND sale papers, including 1099-B's. You must obtain complete 1099B including gain/loss detail on stock/fund sales from brokerage firm.

**These may be issued after February 15th. May only be available through online account.

If you bought OR sold a home or investment real estate during the year, please bring:

- Closing papers from the SALE and original purchase papers if investment property (or second home) was sold.
- Closing papers from the PURCHASE of any new property.

If you are involved in any of the following, we have special worksheets that will help you gather the proper tax information.

Please call our office for any of the following worksheets you may need, if they were not included with this letter.

Most of these worksheets can be downloaded from our Web page. www.bermansons.com

- [A] Use of automobile/truck in your unincorporated business.
- [B] Purchase of rental property (**bring closing papers**.) Includes conversion of residence to rental property.
- [C] Rental Income/Expenses
- [D] Self-employment income - specify type of business as we have some custom worksheets.
- [E] Exclusive use of a **home office** to operate a business, perform substantial administrative duties for your business OR use of your home to provide daycare services.