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Our Yearly review for Tax Season ☺

on location

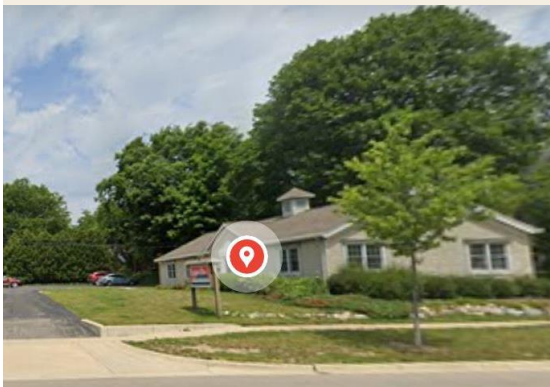


current topics >>>

New faces in our office

We are happy to **Welcome** new employees to our office. Sad to let you know that three previous employees took a new path in 2021.

But thankfully we found another three great faces that are working with us as we go into tax season. **Please Welcome Rhonda** as she will be our new voice on the phones. **Korinna** has been with us almost 6 months and is working with our payroll friends. **Mary** is helping our data entry and so far everyone still likes us.. We are concerned they haven't been through a tax season yet so be kind ☺



IRS Updates 2021 Refunds Delayed !

The IRS reports that over 8 million tax returns have not been processed and the backlog will continue until June 2022 according to their update. So 2020 may still be an issue for some of your tax refunds. Currently they report 16000 calls per IRS employee on the phone lines. And we have no short cut to them ☹

IRS expects to **open E-File Jan 24, 2022** (HEY this is really early for their standard) However all forms will not be available. Previous years will be open - so if we need to amend or file, we will have access..

Any tax payer filing an **Earned Income Credit** will have their REFUND **delayed** until they process all the credits

IRS is not doing **REFUNDS for Earned Income or Child Tax Credit UNTIL a date in March – Not known currently**

IRS will allow look back to 2019 Taxes for best Earned Income Credit for tax payers

Child Tax Credit REFUND also has been delayed they have added a new form that should have arrived to each tax payer and if you did not get one you may need to sign up at the new IRS portal to receive the information

Child Tax Credit will have provision for lower income families sharing children on their taxes. The wrong parent claiming the child getting the Credit --May get forgiveness

set the stage >>>

S-Corporation Changes IRS and MI both weigh in

Some Basic Information:

S-Corporation completes an 1120-S which generates a K-1 for income to flow through to your personal 1040



Michigan

Also passes legislation on 12-20-21 that gives the S-Corp new tax status with the State. Now you can opt-in to pay state tax from the corp bucket and take the write off on your personal

taxes. According to the State your State taxes paid by the corporation can transfer to Sch A without the \$10,000 cap limitation. This is a 2 year opt-in and according to your personal taxes may or may not be a good choice. Stay tuned for my advice on this

IRS adds new form:

IRS adds new form 7302 which will attach to your personal return to show Basis in your S-Corp. This form is designed to limit losses from your S-Corp to your personal. IRS says losses are passive and are subject to passive loss limitations



Reminders:

- Profit pass through to your personal.
- Reasonable Comp has to be considered.
- QBI Credit is still available for a deduction on your personal.
- Payroll (W-2 is still preferred)
- Retirement accounts can be setup to defer income.
- S-Election can be terminated for a standard Corp.
- However QBI still is not avail to Corps



Entertainment is still out.. But IRS decides that Meals will get a boost all Restaurant receipts will be 100% write-off for Companies in 2021

Bad News!

We at Ledger Rite are sad to announce Price Increases on all of our tax returns. Due to inflation and Personnel (staff wanted more money) and our new Location.. we have to pay our bills !! Plus we have noticed many more calls regarding tax issues through the year

tax advice >>>



From my Desk- Corp updates

After a painful learning curve, we have found that Owners who have a Company and pay rent on a building they also own need to establish a Triple Lease Rental agreement (this is the only lease agreement that has held up in tax court) A standard lease with CAM charges during Audit has been denied the CAM reimbursement. Please change these lease forms!

Other Company items: the IRS is now concerned about Note Payables To and From owners. Personal funds being used in the business Remember **Keep it Clean.**

NOW anything over \$25,000 requires a Promissory Note signed by the owner To or From the Corp.
More Legal Stuff



Sch C you are not required since mixing funds is allowed on the personal taxes.

Minister Housing Allowance Challenged

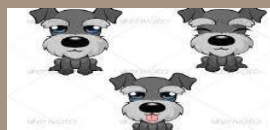
Under I.R.C. 107, ordained, commissioned or licensed ministers may be able to exclude from income tax a housing allowance paid to the minister or the FMV of a parsonage that is provided to him or her in exchange for ministerial services.



Court Challenge to Housing allowance in 2017, the federal district court for the Western District of Wisconsin held that the section 107 housing exclusion was unconstitutional on the grounds that it discriminates against secular employees and violates both the establishment clause of the First Amendment and the equal protection clause of the Fifth Amendment. Subsequently, the Seventh Circuit Court of Appeals overturned the district court ruling and found that the exclusion is constitutional [Gaylor v. Mnuchin, Case No 18-1277 & 18-1280 (7th Cir 2018)]

IRS allowed housing allowances based on this case, it is recommended that the allowance be designated in writing by a resolution of the governing body, an employment contract, or a formally approved church budget

ask the experts >>>



Q: Is Unemployment Taxable in 2021?

A: Currently this is **TOTALLY** taxable
The forgiveness was for 2020

Just a side note that many of our Customers are still waiting for their federal refunds to come due to this change that the IRS said they would do.

Currently they are asking us to wait until June and if you haven't seen your refund we will be allowed to amend the return for you and send through efile. WOW we know...



Mileage Expense 2022

Car expenses for employers Notice
2022-03 Standard mileage rates
/accountable plan reimbursement
\$58.5 regular includes depreciation of
\$.26 \$.18 medical / military moving
\$.14 charitable set by law

Student Loans?

Student loans IRS delays repayment till May 2022. Also IRS states that they will consider all the loan debt paid through out this period and all monies towards principle and interest forgiven from income. **YEAH** government pays student loans !

IRS opens portal on their website for tax payers

Wait I said no customer service.. well IRS is trying to give you online support. So a new portal to your tax records has become available for everyone.. Mentioned above that if you have a Child Tax Credit setting up this portal to get your forms may be the best way to get information



finalthoughts...

Good news for small business and S-corps..

QBI Credit still available for 2021

RMD mandated payments have extended to age 72

Forms are still required for Market Place Health Insurance

New form for Child Tax Credit

Hopefully NO tax law changes during Tax Season !!



From Our Office:

We are offering in-office appointments... Masks currently are not required. Of course subject to change.. But if you would prefer please call before entering the building and we will be respectful. Zoom meetings are still available please let the Phone person know if you need this kind of appointment. Parking is limited but we Love our parking lot 😊

Stay Tuned >>>

*Congress didn't pass
all the changes they
had in mind..
MORE to come 😊*



Life is better
with a Schnauzer

200 W Michigan Ave
Saline, MI 48176

LEDGER RITE

Contact us at **734-429-3751**

www.ledgerrite.com