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**Office hours through
December:**

ALL TAXPAYERS

Pending Check Payments and Payment Notices



If a taxpayer mailed a check (either with or without a tax return), it may still be unopened in the backlog of mail the IRS is processing due to COVID-19. Any payments will be posted as of the day they are received rather than the date the agency processed them. To avoid penalties and interest, taxpayers should not cancel their checks and should ensure funds continue to be available so the IRS can process them.

Due to high call volumes, the IRS suggests waiting to contact the agency about an unprocessed paper payments still pending. See www.irs.gov/payments for options to make payments other than by mail.

ALL TAXPAYERS

New Charitable Contribution Tax Breaks in 2020

The CARES act, passed earlier this year, provides some additional tax breaks related to charitable contributions.

For those who don't itemize: You can claim an above-the-line deduction of up to \$300 for cash (not property) donations to a qualified 501c-3 organization. This can be taken in addition to the standard deduction, which will be \$12,400 for Single taxpayers and \$24,800 for Married Filing Jointly taxpayers.

FIRST-TIME HOME BUYERS

New Savings Account Reduces Taxes

The following is a news release from the Idaho State Tax Commission: A new law allows first-time home buyers in Idaho to save money toward the purchase of a home while reducing how much Idaho individual income tax they owe.



Idahoans who set up a First-Time Home Buyer Savings Account at an Idaho financial institution can claim an income tax deduction on their account contributions and interest earned starting with their Idaho income tax return for 2020. Individuals can deduct up to \$15,000 each year. Married couples filing a joint tax return can deduct up to \$30,000 a year.

Withdrawals from the account balance - including accrued interest - aren't taxable when account owners use the money to make a down payment on their first home or to cover other eligible costs related to buying the home. Account owners can't have previously owned a home, regardless of location.

Financial institutions must report account withdrawals to the Idaho State Tax Commission by using Form ID-FTHB, Beneficiary and Withdrawal Schedule First-time Home Buyer Savings Account. Account deposits can't exceed \$100,000 over the lifetime of the account.

ALL TAXPAYERS

Other New Tax Laws for 2020

- Part-time workers can participate in 401(k) plans.
- Leftover money in a 529 education plan can be used to pay off \$10,000 of student loans.
- New parents can withdraw \$5,000 out of retirement funds to pay for the cost of a birth or adoption.

Reminder:
Filing deadline is **September 15** for partnerships and corporations; **October 15** for individuals.

Appointments are available in person, by phone, or through Zoom to evaluate your 2020 tax situation while there's still time to make adjustments.

FAMILIES

Families First Coronavirus Response Act (FFCRA)

This act requires certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.



Generally, employers covered under the Act must provide employees up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their

regular rate of pay, or the applicable state or Federal minimum wage paid at:

- 100% for qualifying reasons, up to \$511 daily and \$5,110 total
- 2/3 for qualifying reasons, up to \$200 daily and \$2,000 total
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at 2/3 for qualifying reason, up to \$200 daily and \$12,000 total

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

Eligible employees are employees of private sector employers with fewer than 500 employees, and certain public sector employees, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reason. Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for COVID-19 related reason.

100% qualifying reasons are:

- Is subject to a Federal, State, or local quarantine or isolation order related to COVID-19
- Has been advised by a health care provider to self-quarantine related to COVID-19
- Is experiencing COVID-19 symptoms and is seeking a medical diagnosis

2/3 Qualifying reasons are:

- Is caring for an individual subject to an order described in (1) or self-quarantine as described in (2)
- Is experiencing any other substantially similar condition specified by the U.S. Dept. of Health and Human Service

Up to 12 weeks qualifying reason:

- Is caring for his or her child whose school or place of care is closed (or childcare provider is unavailable) due to COVID-19 related reason

Remember, as an employee you are entitled to take leave related to COVID-19 if unable to work, including unable to telework for the reason(s) listed above.

SELF-EMPLOYED

Be on the Lookout for New Form 1099-NEC



If you're self employed, an independent contractor or a freelancer, there's a big change coming thanks to the IRS.

For almost 40 years, you've received a 1099-MISC from businesses to which you provided more than \$600 in services. Starting with the 2020 tax filing season, you'll be receiving Form 1099-NEC instead.

RETIREMENT

Contributing to a Traditional IRA

Many older taxpayers can now choose to contribute some or all of their compensation to a traditional individual retirement arrangement (IRA).

Starting in 2020, the new law eliminated the long-standing 70 1/2 age limit for making contributions to traditional IRAs.

Here's what you need to know about this change:

Form 1099-NEC is used exclusively to report nonemployee compensation. Nonemployee compensation is any payment you received from a business in exchange for your products and/or services. Nonemployee compensation also includes fees, commission, prizes and awards.

Form 1099-MISC is not going away. You may still receive a Form 1099-MISC if your income is derived from rents, royalties, fishing boat proceeds, health care payments, payments in lieu of dividends or interest, crop insurance proceeds or gross proceeds paid to any attorney.

You should receive your 1099-NEC sometime in early February. The deadline for submitting Form 1099-NEC is February 1, 2021.

There is no age limit for contributions to a Roth IRA.

As a result, people over age 70 1/2 who are still working or running a business can now contribute to a traditional IRA beginning in 2020. The 70 1/2 age limit still applies to those now contributing to a traditional IRA for tax year 2019 before the April 15, 2020, filing deadline.

SMALL BUSINESS OWNERS



PPP Loan Forgiveness

Many small business owners have taken advantage of the Paycheck

Protection Plan (PPP) Loan program while dealing with the economic impact of COVID-19. Now, they are dealing with the forgiveness application. Some things to know about the process are:

The covered period was extended from 8 to 24 weeks, allowing many employers to qualify for forgiveness based on payroll only. This may make it easier to provide the required documentation for the forgiveness application.

Many owners who were forced to close their businesses are having to work through the Full Time Employee (FTE) calculations and exceptions.

The FTE reduction exemptions are:

- Provide documentation of an inability to rehire individuals that were working on February 15.
- Prove an inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.
- Document an inability to return to the same level of business activity as the business had on February 15, 2020.

Lenders and borrowers can negotiate to extend the loan payment period from two years to five years. This applies to any portion of the PPP loan that is not forgiven.

The payment deferral period is extended from six months to the date the forgiveness is determined.

Be sure to apply for forgiveness within 10 months of the last day of the covered period. Failure to do so will mean payments start immediately, regardless of later forgiveness.

