

TAX PLANNING & PREPARATION GUIDE

2021 Tax Return Filings: Gather Your Info Now

Provided by Elizabeth F. Hassler, CPA;
Partner-in-Charge, Tax; Herbein + Company, Inc.

The 2021 tax year is over — and you will soon need to prepare your 2021 tax returns. Now is the time to start thinking about what you will need to file those 2021 tax returns. Here are some suggestions, including notice of new IRS Letter 6475 and Letter 6419, that may make the process smoother:

If you received Economic Impact Payments this year — Amounts were up to \$1,400 per qualifying individual, sent out beginning in July 2021 — Look for Letter 6475 from the IRS summarizing amounts received and confirm with your records. If advance payments were not received, you may be able to claim and request a refund on your 2021 tax return.

If you received Advance Child Tax Credit Payments* this year — Amounts varied and could be up to \$300 per qualifying child, sent out beginning in July 2021 — Look for Letter 6419 from IRS summarizing amounts received and confirm with your records. Advanced payments will reduce the credit that can be claimed on your 2021 tax return. * The IRS suggests creating an account to manage records for these payments at www.IRS.gov.

If you expect to receive Form W-2 for wages earned or Forms 1099 for non-employee compensation or

investment income — Most of these tax documents will be sent to you or available to download in early February.

If you made charitable contributions this year — Certain cash and non-cash contributions can be deducted if you can claim itemized deductions. Certain cash contributions up to \$300 (or \$600 for married couples filing jointly) can be deducted for non-itemizers. Receipts and records should be maintained to support the deduction. See our prior blog article at <https://www.herbein.com/blog/charitable-contribution-deductions>.

If you made retirement plan contributions this year — You should receive documentation from the retirement plan administrator with the amounts contributed. Depending upon your situation some contributions may be deductible. Certain taxpayers may receive a credit for contributions to retirement plans.

If you made estimated tax payments this year — Summarize amounts and dates paid for all income tax estimated payments: Federal, State and Local.

If you made gifts to during this year — For gifts, including cash, greater than \$15,000 per recipient provide:

Recipient name; Recipient address; Recipient relationship to donor (if any); Description. If publicly traded securities, CUSIP number. If closely held entity stock, EIN.

If you had other potential tax-deductible expenses this tax year — The following expenses may be eligible for tax deductions or tax credits:

- Education expenses — Keep records of amounts paid, dates and the educational organization receiving the payments.

- Medical expenses — Keep records of the amounts paid, dates paid and nature of the expense.

- Home mortgage interest — You should receive Form 1098 in early February.

- State and local taxes — Includes income taxes and property taxes. Income taxes withheld will be reported on Forms W-2; keep records of estimated tax payments (see 6 above) and amounts and dates of property tax payments - NOTE under current tax law the combined deduction for state and local taxes is limited to \$10,000.

Final thoughts

The above suggestions will help you gather the information necessary to prepare your 2021 tax return.

Working with a tax return preparer can definitely make the filing process easier. However, keep in mind that the information you provide is critical to ensuring that your return is done correctly and in a timely manner.

Elizabeth F. Hassler, CPA can be reached at 610.378.1175 x4696; efhassler@herbein.com.



CHANGE IS SCARY. *Good!*

The 422 Corridor's dynamic business community faces *uncertainty, risk, and change*. Herbein believes **change creates opportunity** for business owners to focus on **doing things better**.

Herbein continues to **adapt to change** - when our clients told us that human resource issues were among their top concerns, we added a full-service HR consulting division.

But some things will never change. Like our award-winning **client service** that **delivers results** for our clients throughout the 422 Corridor region – and beyond.

With local, regional, and national **experience**, our team provides the advice, guidance, and exceptional client service business leaders need to **build competitive advantages**.

Herbein is here with **engaged leadership**, **evolving solutions**, commitment to **technology**, **focus on the future**, and a **positive team energy**.

Talk to us today about how we are changing to help your company grow.



Herbein + Company, Inc. | 1303 North Charlotte St. | Pottstown, PA 19464

1.855.HC.Today
www.herbein.com