



# TAXES MADE SIMPLE, INC.

TAX, BOOKKEEPING, & PAYROLL SERVICES

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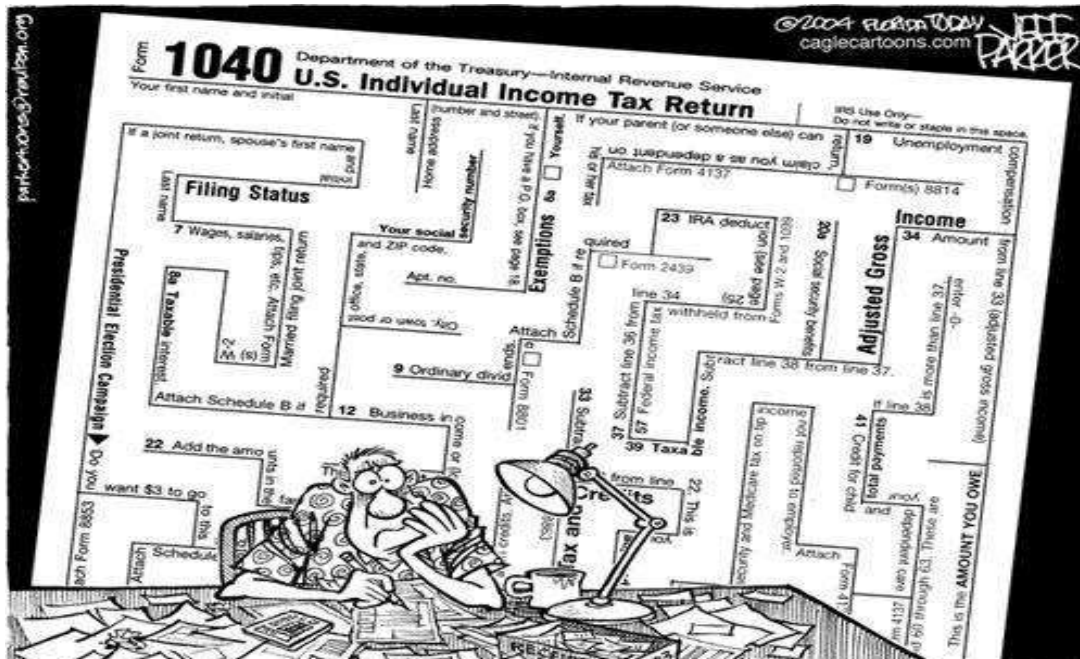
www.TaxesMadeSimple.com

Dear Client:

Wishing you, your family, and friends a Happy New Year! As we have entered into a new year, we hope you are starting to gather your tax forms from 2019 and are preparing to work on your tax returns. As we go through tax season, and through-out the year, we encourage you to ask questions pertaining to your tax situation. No question is ever a dumb question! We are willing to meet with you throughout the year to go over any changes you may have or any concerns.

If you are having any significant life changes, we highly recommend an appointment for tax planning to ensure you are ready for the income taxes and there are not unpleasant surprises into the next tax season. We would not want you to be disappointed if you get all the way through the tax returns and owe a significant amount of money. A tax penalty for not paying estimated payments could be added to your return if you owed on the 2019 tax return and then owe again on the 2020 tax return. We are here to help you!

Office hours are currently Monday through Thursday from 8:30 to 4:30. **Hours will be changing effective Monday, January 20<sup>th</sup>, 2020, to Monday through Friday 8:30 to 7:00 and Saturday 8:30 to 3:00.** For your tax documents, the drop boxes are always available for your convenience 24/7, you may email ([taxes@taxesmadesimple.com](mailto:taxes@taxesmadesimple.com)), or you may fax (330-494-9657) any information at anytime. If you receive any notice or letter from a taxing authority, please provide our office a copy before you pay any tax. The notice may not be correct and you may not have to pay the amount proposed. Have a wonderful day! ~Thank you, Cindy & Staff



**DON'T LET TAXES BE A MAZE TO YOU! WE ARE HERE TO HELP!**



### \* Tidbit Corner \*

- Contribute to an Ohio 529 College Savings account and deduct the contribution on your Ohio return as an Ohio resident. The Ohio Tax Deduction is **up to \$4,000 per person** per year; contributions over this threshold carries over to future years.
- The **Child Credit** increased to \$2,000 for Children under the Age of 17 that are claimed on the tax return; once the child turns age 17 throughout the year, this credit is gone, but still a dependent on the return
- When your child reaches Age 18 do not assume the child will claim themselves on a tax return. You may still be able to claim them as a dependent – ask us!
- The **maximum amount to Gift** to an individual without tax per year is **\$15,000** – transfer of money without any tax
- **Child Care Flex Spending Account** with your employer reduces your Taxable Income for Federal and Ohio
- **Mileage Rates for 2020:** Business Mileage is 57.5 cents per mile; Medical and Moving Mileage is 17 cents per mile; and Charitable Mileage is 14 cents per mile
- For Ohio Residents, if you receive **Military Retirement Income**, this income is tax free in Ohio.
- **No IRS Penalty** (tax) in 2019 for **NOT** having Healthcare Coverage
- The **Hourly Billing Rate** for Bookkeeping, Payroll, QuickBooks Training, Year End 1099s, and other services is **\$100 per hour (billed in 15 minute increments = \$25)**.
- For an **Annual Social Security Statement**, you must create an online account with Social Security Administration

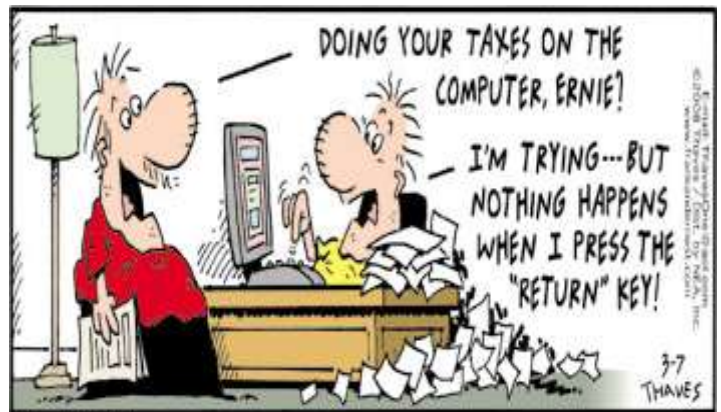
### DIVORCE - ALIMONY CHANGES

For those agreements after 2018, the Alimony paid will NOT be deductible and the Alimony received will NOT be income. If an agreement is altered that was started prior to December 31<sup>st</sup>, 2018, the plan can be affected by the new tax rules.

If during a divorce an IRA is split or given to an ex-spouse, do a “Direct Non-Taxable Transfer” or change the name on the account to the ex-spouse. At the time of the divorce, no one will pay income tax on the IRA until there are withdrawals out of the account for use.

### REMINDER: Current Sales Tax Rates

- Stark County = 6.50%
- Summit County = 6.75%
- Portage County = 7.25%



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### Miscellaneous Information

Any return that results in a notice of penalties and/or interest by the IRS, State, or Local taxing authorities must be examined prior to payment. **Do not assume a notice is correct. Forward a copy of the notice to our office for review.** If the penalties and/or interest are due to our mistake, we will reimburse you those fees. If there is additional tax due to the IRS, State or Local authorities, you must pay the tax regardless of who is at fault. We are required to keep copies of all work performed and maintain a record of all clients from whom we receive payment. We scan/copy all documentation that is provided for the tax return and other services, for the support of our work.



### **Taxpayer First Act passed July 2019**

There has been another tax act passed this year called the Taxpayer First Act (TFA). This has various items of identity protection and late filing penalty changes included. This is not a large tax act as in the previous year.

#### **Increase in the Penalty for Late Filing**

The new Taxpayer First Act increases the late-filing penalty. More specifically, the penalty for filing a return more than 60 days late is the greater of a fixed dollar amount or 100% of the tax required to be shown on the return. Currently the fixed dollar amount is \$205. Effective for returns required to be filed after Dec. 31, 2019 (i.e., 2019 returns filed during the 2020 filing season), it will be \$330.

#### **Qualified Charitable Donation (QCD)**

For those that must take an Annual Required Minimum Distribution (RMD) from your IRA can take funds from the IRA and have funds sent directly to a charitable organization. The amount that is sent to the church or other organization is then a deduction from income directly off the front and not an deduction for itemizing! This saves federal and state income tax.

To qualify for this deduction, you must be over 70 ½ years old; have a required annual distribution; and want to lower federal and state income tax. Ask your financial advisor that holds the IRA account about a QCD (Qualified Charitable Donation). You must bring a statement from the account showing who the funds went to and how much along with the year-end Tax Form 1099-R.



**“Don’t Let Taxes Overwhelm You!”**

## **\*\* IMPORTANT 2020 DEADLINES \*\***

### **Individuals**

**January 31<sup>st</sup>** – 1099s due out – Landlords/Subs

**April 15<sup>th</sup>** – Individual Returns Due OR

File an **Individual Extension**

**April 15<sup>th</sup>** – 1<sup>st</sup> Quarter IRS, Ohio, & City

Individual Estimates Due

**June 15<sup>th</sup>** – 2<sup>nd</sup> Quarter IRS, Ohio, & City

Individual Estimates Due

### **Businesses**

**January 23<sup>rd</sup>** – Semi-Annual Sales Tax Due

**January 31<sup>st</sup>** – 4<sup>th</sup> Quarter Year-End Payroll Reports Due along with W-2s & 1099s

**February 20<sup>th</sup>** – Bi-Monthly Ohio BWC Due

**March 15<sup>th</sup>** – S Corp & Partnership Returns Due

**April 15<sup>th</sup>** – C Corporation Tax Returns Due

**April 30<sup>th</sup>** – 1<sup>st</sup> Quarter Payroll Reports Due

**April 20<sup>th</sup>** – Bi-Monthly Ohio BWC Due

**May 10<sup>th</sup>** – Annual Ohio CAT Tax Due

**You may have to issue a Form 1099-Misc** - If you are a landlord or have a business, and you pay someone \$600 or more collectively throughout the year, you are required by IRS tax law to issue a Form 1099-Misc. A Form W-9 would need to be completed by this potential 1099-Misc recipient prior to any payment given to him/her. This form provides the correct spelling of his/her name, address, and social security number or Federal Identification Number. Once the year is completed, add up the payments you have made to each person for the year and look for those that were paid \$600 or more, these are the recipients of a Form 1099-Misc come January. The Form 1099-Misc are to be mailed out before January 31st. Our office can prepare this form for you to keep you in compliance.

### **HOMESTEAD EXEMPTION**

You may be eligible for a deduction in your Real Estate Taxes if you are age 65 or older or Disabled. Each county offers a Homestead Deduction on your tax bill if you qualify and have applied to your county of residence. Other than age, primary residence, you must also meet an income threshold to be eligible. This is not a tax credit on your income tax return, but we can assist you in preparing the county form to apply at least 3 months prior to turning age 65 or as soon as possible of meeting the income threshold. Please call the office (330) 494-9659 if you would like us to help with this form.

### **COLLECTION POLICY FOR TAXES MADE SIMPLE, INC.**

**All tax returns are to be paid in full prior to Electronic Filing and/or upon pick-up.** No tax returns will be e-filed with a "balance-due" for services to Taxes Made Simple, Inc.

**All non-tax preparation service invoices are due with-in 15 days.**

- **After 30 days** from the due date, a monthly finance charge of 2.5% will be added to the account until paid in full. A monthly finance charge will be added to your total invoice at a rate of 2.5% of the total account balance (30% APR) or \$2.00 minimum charge per month, whichever is greater.
- **After 60 days** from the due date, a processing fee of \$25 will also be added to the account to cover collection costs along with a monthly finance charge. **No further work will be performed at this time from our office.**
- **After 90 days** from date of invoice, all outstanding accounts with no received payments will be turned over to our collection agency. At that time, the account balance will include an additional \$35 collection fee.
- **After 120 days** from the due date, all outstanding accounts with no received payments will be turned over to our law firm. At this time, the account balance will include all lawyer fees (min. of 2 hours at \$250/hour), all court costs, and all processing costs.

This policy is in effect in order to compensate for finance charges being less than the cost of the labor and postage to process the monthly statement mailed out. For questions or to make arrangements to clear your account, please contact the office at 330-494-9659.

## \*\*\*\* INFORMATION FOR TAX PREPARATION \*\*\*\*

**INDIVIDUALS:** Please provide this documentation for an accurate tax return:

W-2s/Wages  
W-2G/Lottery Winnings

Interest Statements  
Unemployment Income

Dividend Statements  
Social Security Income

### Market Place HealthCare - Form 1095A

1099-R -Pension/IRA Distributions

Sale of Stock Form 1099-B

1099-Misc/other compensation

Charitable Slips/Church Letter

IRA Contributions/Year End statement

Documentation for Alimony paid/received

1098 Statement/Mortgage Interest

Child Care Documentation



- If anyone attended **College** in 2019, provide the year-end statement – **Form 1098-T**, along with *documentation showing detailed payments to the school*, costs of books and supplies.
- **Closing/Settlement Statement**, if you purchased a home or refinanced your home
- For **Estimated Payments**, please provide a listing of the payments... date paid, check number, and to whom -IRS, state, or local tax, or you can provide the cancelled checks
- **Non-Cash donations** (clothing to Amvets, etc.) – provide a listing of the items donated along with the donation slip with the date of each donation – **Must have documentation for all Donations!**
- If you contributed to an **Ohio 529 College Plan**, please provide the annual Year-End Statement
- If you **contributed to a Traditional or Roth IRA**, please provide the annual Year-End Statements
- Please provide your **Year-End statements for your 401k/403b/IRAs/SEP** accounts for review

### **Businesses - Sole Proprietors & Corporations & Partnerships:**

- **Please provide a back-up of your QuickBooks** (not an accountant's copy). If you are using a different program, please print out the 2019 General Ledger, Balance Sheet as of 12/31/19, and the Profit and Loss Statement from 1/1/19 through 12/31/19 (the reports must be cash basis).
- If you are keeping your books in a ledger or booklet, please bring the booklet in and start a new ledger for the 2019 year.
- For the checking account, credit cards, loans, and line of credit - please provide the year-end balance for each account. If you are on QuickBooks, ensure they are reconciled through 12/31/19.

**\*\* All businesses need to provide the following: \*\***

1. **Year-End balances** for Checking, Savings, each Credit Card, each Loan/Line of Credit, Accounts Receivables (customers that owe you), Accounts Payable (vendors you owe), etc. – please provide Year-end Statements for each account.
2. If you carry **inventory**, please provide a **COST balance** as of December 31, 2019 (not retail cost – we need the cost paid for the inventory items).
3. If **assets were purchased**, (ex. computer, car, equipment, etc.) **provide date of purchase, cost with sales tax, and description of item** – this is for depreciation.
4. For any draws or cash out, please provide amounts withdrawn throughout the year.
5. For the **vehicle**, provide the **Ending Odometer and total business mileage** for the year.

The year-end balances provide a value at that point in time that is crucial to an accurate tax return. Remember **all S Corporation & Partnership tax returns are due March 15<sup>th</sup>**. If you are a **Sole Proprietor or a C Corporation**, your **business tax return is due April 15<sup>th</sup>**.

**Please refer to this list as a reference - this is not an all-inclusive list.** Each tax return may have additional information that is not listed above to prepare an accurate return. Please call when you are ready to drop off your information to have a time to show us what you are dropping off.