

Exceptional Care, Exceptionally Close

Welcome!

*Individual Taxation:
Wrapping up 2021 & Planning for 2022*

January 14, 2022

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Torrance Memorial Highlight



Torrance Memorial Update

PLEASE

Wear mask/Wash hands/6' distance

38th ANNUAL

*Holiday
Festival*



AWARDS & ACCOLADES

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Types of Planned Gifts

1. **Bequest** – gift through will, living trust or designation in a qualified retirement plan.
2. **Immediate Charitable Gift Annuity** – Simple contract between donor and the Torrance Memorial Foundation whereby lifetime payments are made to one or two individuals.
3. **Deferred Charitable Gift Annuity** – Annuity payments are deferred until a specified date in the future.
4. **Charitable Remainder Trust** – Trust that provides fixed or variable payments to named beneficiaries for life or a specified term of years.
5. **Retained Life Estate** – Gift of remainder interest in home or farm. Donor retains the right to live in the home for life.
6. **IRA Beneficiary** – Naming Torrance Memorial as the beneficiary of your retirement accounts (percentages can be designated as desired)

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IRA Charitable Rollover

Also known as IRA Qualified Charitable Distribution (QCD)

- Gift up to \$100,000 from your IRA to Torrance Memorial
- Qualifies as your RMD
- Must be 70½ years of age (SECURE Act did change minimum distribution age to 72 but not this QCD age limit)
- Donation must come directly to Torrance Memorial from IRA administrator (check payable to Torrance Memorial Foundation)
- Become member of Heritage Society

Not included in your income for your tax return

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Resource for Planned Giving

www.TorranceMemorialFoundation.org/planned-giving

- Learn about the different arrangements available
- Plug in some numbers in the “gift calculator” to get an idea of how this type of gift might work for you
- **Download a FREE estate planning kit**
- Contact Sandy VandenBerge at (310) 784-4843
sandy.vandenberge@tmmc.com



Financial Health articles - www.torrancememorialfoundation.org/News

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How to Donate to Torrance Memorial Medical Center

Online

<https://www.torrancememorialfoundation.org/Donate>

By Phone

Please call Torrance Memorial Foundation at 310-517-4703.

You may charge your gift to your credit card or make a gift pledge.

By Mail

Check or credit card information to: Torrance Memorial Foundation
3330 Lomita Blvd.
Torrance, CA 90505

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Individual Taxation: Wrapping up 2021 & Planning for 2022

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New Years Resolutions

- I will pay attention to each Form 1098, W2, and 1099
- I will keep good records
- I will not believe everything on the Internet
- I will listen to my friends cautiously
- I will deal with notices promptly
- I will not be afraid of the IRS or FTB
- I will not speak with solicitors regarding income tax

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Agenda

- Tax Rates, AMT & Credits
- Marriage Penalty
- Charitable Contributions
- Estate and Gift Tax
- Social Security & Retirement
- Unemployment & Relief Payments
- Other Miscellaneous Items
- Tax Reform
- Future Potential Changes
- California law changes

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Just a few changes...

- **ACA (passed in 2010) and subsequent adjustments**
- **TCJA (end of 2017)**
- **SECURE Act (2019)**
- **CARES Act (2020)**
- **Consolidated Appropriations Act (2021)**
- **2022 Modifications (Build Back Better, Green Act, etc.)?**

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2021 Tax Rates/Tables

- The US Income tax system is progressive. As you make more money, that money is taxed at a higher rate
- The highest tax bracket is still 37% for anyone (single/MFJ)
- For those high-income folks, 37% is their marginal rate, meaning each additional dollar they make over a certain threshold amount is taxed at 37%
 - This doesn't mean, however, a person making over a certain amount turns 37% of it over to the IRS!
 - Think of our tax system as a layered cake. The more layers you eat (more money you make), the more calories you consume (more taxes you pay)

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Tax Tables

Federal Tax Brackets

2021

Bracket	Single	HoH	MFJ
10%	Up to \$9,950	Up to \$14,200	Up to \$19,900
12%	\$9,951 - \$40,525	\$14,201 - \$54,200	\$19,901 - \$81,050
22%	\$40,526 - \$86,375	\$54,201 - \$86,350	\$81,051 - \$172,750
24%	\$86,376 - \$164,925	\$86,351 - \$164,900	\$172,751 - \$329,850
32%	\$164,926 - \$209,425	\$164,901 - \$209,400	\$329,851 - \$418,850
35%	\$209,426 - \$523,600	\$209,401 - \$523,600	\$418,851 - \$628,300
37%	Over \$523,600	Over \$523,600	Over \$628,000

2022

Bracket	Single	HoH	MFJ
10%	Up to \$10,275	Up to \$14,650	Up to \$20,550
12%	\$10,276 - \$41,775	\$14,651 - \$55,900	\$20,551 - \$83,550
22%	\$41,776 - \$89,075	\$55,901 - \$89,050	\$83,551 - \$178,150
24%	\$89,076 - \$170,050	\$89,051 - \$170,050	\$178,151 - \$340,100
32%	\$170,051 - \$215,950	\$170,051 - \$215,950	\$340,101 - \$431,900
35%	\$215,951 - \$539,900	\$215,951 - \$539,900	\$431,901 - \$647,850
37%	Over \$539,900	Over \$539,900	Over \$647,850

Personal Exemption	\$0	\$0	\$0
Standard Deduction	\$12,550	\$18,800	\$25,100
Add't Deductions			
- Blind or Elderly	\$1,700	\$1,700	\$1,350
- Blind and Elderly	\$3,400	\$3,400	\$2,700

Personal Exemption	\$0	\$0	\$0
Standard Deduction	\$12,950	\$19,400	\$25,900
Add't Deductions			
- Blind or Elderly	\$1,750	\$1,750	\$1,400
- Blind and Elderly	\$3,500	\$3,500	\$2,800

Personal Exemption is suspended through 2025 per TCJA, but the exemption amount is still adjusted for inflation.

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Tax Rates – Single

Example 1 (Think of Layer Cake)

A single taxpayer has taxable income of \$35,000

2020 Tax table	
Not over \$9,875	10%
\$9,876 - \$40,125	12%

So you can see the full \$35k is taxed in layers!

1st Layer	9,875.00
Rate	<u>0.10</u>
10% tax	987.50
Taxable income	35,000.00
1st Layer	(9,875.00)
2nd Layer	25,125.00
Rate	<u>0.12</u>
12% tax	3,015.00
Total tax 1st & 2nd layers	<u><u>4,002.50</u></u>

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Tax Rates – Single

Example 1 Results...

Taxable income
\$35,000

Tax
\$4,002



Taxable income
\$35,000 x .12 =

Tax
\$4,200



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Tax Rates – Married Filing Joint (MFJ)

Example 2

A Married Filing Joint couple has the following taxable income:

Source	Amount
Wages (W2)	125,000
Wages (W2)	30,000
Interest income	200
Rental income	<u>14,000</u>
Total income	\$169,200

After itemized deductions of \$34,200, their taxable income is \$135,000

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Tax Rates – MFJ

Example 2 cont'd...(Think of Layer Cake)

After deductions, their taxable income is \$135,000. Their tax is calculated as follows:

2020 Tax table					
Not over \$19,750		10%			
19,751 – 80,250		12%			
80,251 – 171,050		22%			

			Base	Rate	Tax
1st Layer	19,750.00	0	19,750.00	10%	1,975.00
2nd Layer	80,250.00	(19,750.00)	60,500.00	12%	7,260.00
3rd Layer	135,000.00	(80,250.00)	54,750.00	22%	12,045.00
			Total Tax Liability		21,280.00

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Tax Rates – MFJ

Example 2 Results...

Taxable income
\$135,000

Tax
\$21,280



Taxable income
\$135,000 x .22 =

Tax
\$29,700



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Capital Gains & Dividends

Dividend and capital gains rates unchanged

The top tax bracket for qualified dividends and capital gains is 20%
(23.8% if the net investment income tax applies)

0%

SINGLE ≤ \$41,675
HoH ≤ \$55,800
MFJ ≤ \$83,350
Estates/Trusts ≤ \$2,800

15%

SINGLE: \$42k to \$460k
HoH: \$56k to \$489k
MFJ: 83k to \$517k
Est/Tst: \$3k to \$14k

20%

SINGLE: Over \$459,750
HoH: Over \$488,500
MFJ: Over \$517,200
Estates/Trusts: \$13,700

Note! CA does not have a reduced capital gains rate

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Additional 3.8% Surtax on Net Investment Income (NII)

Additional 3.8% tax on unearned income such as:

- Interest, dividends, annuities, royalties, rents
- Income from trade that is passive

A 3.8% tax is imposed on the lesser of:

- Net investment income for the tax year OR
- Modified adjusted gross income over the threshold amounts:

Single/HOH	\$200,000
MFS	\$125,000
MFJ	\$250,000

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What is Net Investment Income?

Net Investment Income does not include:

- Active income in family partnerships & S corporations (can be different for family members depending on participation)
- Items taken into account in determining self-employment income
- Distributions from qualified employee benefit plans
- Interest on tax-exempt or tax-deferred vehicles such as:
 - Municipal bonds
 - Life insurance
 - Veteran's benefits
 - Excluded gain from sale of a personal residence
 - Other items otherwise excluded from gross income

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Other Net Investment Income (NII)

NII is the sum of gross income from:

- Trade or business that is passive with respect to the taxpayer, a trade or business of trading in financial instruments, or a trade or business of trading in commodities.
- Net gain attributable to the disposition of property other than property held in any trade or business not described above
- Gain on the sale of personal residence in excess of the allowable exclusion (\$250,000 for single filers and \$500,000 for joint filers)

NII is reduced by any deductions allowable to such income

- Investment advisory fees – **not allowed for 2018-2025**
- Investment Interest (to the extent allowed)
- State income tax (allocated between investment & other income) – only portion deducted on Schedule A

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California Taxes

- CA income tax system is also progressive. As you make more money, that money is taxed at a higher rate.
- Tax rates go as high as 13.3%



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California Taxes

California Tax Brackets

2021				2022			
Bracket	Single	HoH	MFJ	Bracket	Single	HoH	MFJ
1%	Up to \$9,325	Up to \$18,663	Up to \$18,650	1%			
2%	\$9,325 - \$22,107	\$18,663 - \$44,217	\$18,650 - \$44,214	2%			
4%	\$22,107 - \$34,892	\$44,217 - \$56,999	\$44,214 - \$69,784	4%			
6%	\$34,892 - \$48,435	\$56,999 - \$70,542	\$69,784 - \$96,870	6%		TO BE ISSUED SOON	
8%	\$48,435 - \$61,214	\$70,542 - \$83,324	\$96,870 - \$122,428	8%			
9.3%	\$61,214 - \$312,686	\$83,324 - \$425,251	\$122,428 - \$625,372	9.3%			
10.3%	\$312,686 - \$375,221	\$425,251 - \$510,303	\$625,372 - \$750,442	10.3%			
11.3%	\$375,221 - \$625,369	\$510,303 - \$850,503	\$750,442 - \$1,250,738	11.3%			
12.3%	Over \$625,369	Over \$850,503	Over \$1,250,738	12.3%			

California has a Mental Health Services 1% surtax on taxable income above \$1 million (for all filing statuses). This is not reflected in the brackets.

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California Taxes

- Numerous Exemption Credits as well (Blind, Age 65+, Dependent, etc.) that phase out as Federal Adjusted Gross Income exceeds \$212,288 (Single), \$318,437 (HoH), and \$424,581 (MFS)
- Standard Deductions: \$4,803 (Single) and \$9,606 (MFJ/HOH)
- Minimum Standard deduction for dependents: \$1,100
- AMT Phaseout: \$292,763 (Single/HOH) and \$390,351 (MFJ)
- Miscellaneous Credits:
 - Qualified Senior HoH Credit = 2% of CA taxable income with max AGI of \$83,039 (\$1,565 max credit)
 - Joint Custody HoH Credit and Dependent Parent Credit = 30% of net tax with max credit of \$513
 - Renter's Credit = \$60 for Single and \$120 for Married (limited by AGI)

HoH=Head of Household / MFJ=Married Filing Jointly/AGI=Adjusted Gross Income

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Alternative Minimum Tax (AMT)

What is AMT?

- AMT is a parallel tax system created in the 1960s that operates in the shadow of the regular tax, in which it adds back income that is tax-free and disallows deductions allowed under regular tax code.
- Credits such as Child Care Credit, Adoption Credit, Child Tax Credit, to name a few, can offset AMT.
- AMT is an add-on to the regular amount of tax owed, NOT an amount you alternatively pay!
- Tax Cut and Jobs Act dramatically lowered taxpayers affected by AMT

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Alternative Minimum Tax (AMT)

AMT Changes

Exemption Amounts

Filing Status	2021	2022
Single, Head of Household	73,600	75,900
Joint, SS	114,600	118,100
Married Filing Separate	57,300	59,050
Estates and Trusts	25,700	26,500

Exemption Phase-out Thresholds

Filing Status	2021	2022
Single, Head of Household	523,600	539,900
Joint, SS	1,047,200	1,079,800
Married Filing Separate	523,600	539,900
Estates and Trusts	85,650	88,300

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Federal Credits

- Child Tax Credit (up to \$3,600 per qualifying child). Advanced credits started in July 2021 (look for Letter 6419 this week).
- Recovery Rebate Credit (up to \$1,400 per taxpayer/dependent)
- Child and Dependent Care Credit (% and amount significantly raised in 2021)
- Earned Income Tax Credit for low-income workers (ie. max \$59k income with 3 kids)
- Adoption Credit (up to \$14,890)
- Education Credits to include American Opportunity Tax Credit (up to \$2,500) and the Lifetime Learning Credit (up to \$2,000)
- Saver's Credit up to \$2,000
- Nonbusiness/residential energy credits (up to 22% of cost) and vehicle credits (\$7,500 max)

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Marriage Penalty

Marriage Penalty

- The “so-called” Marriage Penalty exists when the combined tax liability of a married couple filing jointly is greater than their tax liabilities would be if they each filed as single or Head of Household.
- Conversely, there is also a Marriage Bonus if less taxes are due as a result of marriage.
- Since TCJA passage, limited exposure to penalty on Federal tax return but still highly present in California.



TCJA=Tax Cuts
& Jobs Act

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Marriage Penalty

Calculation of the Marriage Penalty for a Hypothetical Couple
with Two Children
Tax year 2020

Item	Couple filing separately*		Couple filing jointly
	Spouse one	Spouse two	
Adjusted gross income	\$100,000	\$100,000	\$200,000
Standard deduction	\$12,400	\$18,650	\$24,800
Equals taxable income	\$87,600	\$81,350	\$175,200
Of which:			
Taxable at 10 percent	\$9,875	\$14,100	\$19,750
Taxable at 12 percent	\$30,250	\$39,600	\$60,500
Taxable at 22 percent	\$45,400	\$27,650	\$90,800
Taxable at 24 percent	\$2,075	\$0	\$4,150
Regular tax liability	\$15,104	\$12,245	\$30,207
Alternative minimum tax	\$0	\$0	\$0
Child tax credit	\$0	\$4,000	\$4,000
Tax liability after credits	\$15,104	\$8,245	\$26,207
Final tax liability	\$23,349		\$26,207
Marriage penalty (difference in tax liabilities)		\$2,858	
As share of adjusted gross income		1.4%	

Source: Urban-Brookings Tax Policy Center. Marriage Calculator. February 2020.

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Marriage Bonus

Calculation of the Marriage Bonus for a Hypothetical Couple
with Two Children
Tax year 2020

Item	Couple filing separately*		Couple filing jointly
	Spouse one	Spouse two	
Adjusted gross income	\$0	\$200,000	\$200,000
Standard deduction	\$0	\$18,650	\$24,800
Equals taxable income	\$0	\$181,350	\$175,200
Of which:			
Taxable at 10 percent	\$0	\$14,100	\$19,750
Taxable at 12 percent	\$0	\$39,600	\$60,500
Taxable at 22 percent	\$0	\$31,800	\$90,800
Taxable at 24 percent	\$0	\$77,800	\$4,150
Taxable at 32 percent	\$0	\$18,050	\$0
Regular tax liability	\$0	\$37,606	\$30,207
Alternative minimum tax	\$0	\$0	\$0
Child tax credit	\$0	\$4,000	\$4,000
Tax liability after credits	\$0	\$33,606	\$26,207
Final tax liability	\$33,606		\$26,207
Marriage bonus (difference in tax liabilities)		\$7,399	
As share of adjusted gross income		3.7%	

Source: Urban-Brookings Tax Policy Center. Marriage Calculator. February 2020.

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Charitable Contributions

IRAs & Charity (Qualified Charitable Distribution)

- Individuals 70½ and older may make tax-free distributions (up to \$100,000) to public charities in lieu of required minimum distributions (RMDs) . . . extended permanently - PATH Act 2015
- Reduces AGI which changes rules for phase-outs
- Not subject to charitable contributions 60% limitation
- Does not apply to private foundations
- 1099-R does not report QCDs (**DO NOT include in income**)

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Charitable Contributions

CARES ACT

- For 2021, allows \$600 in cash contributions to be above-the-line for individuals who do not itemize
- Suspends charitable contribution limits (100% of AGI for individuals and 25% of taxable income for Corporations)
- Food inventory contributions limit increased to 25% from 15%
- Charitable contributions exceeding AGI limitation carried over for 5 years to deduct and extended to 15 years for qualified conservation contributions.

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Charitable Contributions

Documentation for charitable contributions has been tightened up

- The IRS is challenging many taxpayers' charitable contribution deductions
- It is imperative to maintain receipts for qualified charitable contributions such as a cancelled check, receipt or a letter showing the name of the charity, date of contribution and amount
- Check registers, credit card statements or personal notations are no longer sufficient to support charitable contributions
- Contributions of \$250 or more must have written acknowledgement dated before the end of the year from the donee (upon audit, must have letter dated by tax return filing)

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Charitable Contributions

Charitable Contribution Substantiation Information Required		
Amount	Documentation	Substantiation
Cash donations of less than \$250	Bank record	Includes canceled check, bank, credit union, or credit card statement showing name and transaction posting date (credit card)
	Written communication from charity	Name of charity, date, and amount of contribution
	Payroll deduction	Pledge card and pay stub, W-2 wage statement, or other document furnished by employer, including total amount withheld for charity
Cash donations of \$250 or more	Written acknowledgment from the charity for each donation	Name of charity, date, amount paid, description, and estimate of value of goods or services provided by the charity
Noncash contributions of less than \$250	Receipt from donee or reliable records	
Property donations greater than \$250 and not more than \$500	Contemporaneous written acknowledgment	Name of charity, date, amount paid, and description (but not value) of goods or services provided by the charity
Property donations greater than \$500 and not more than \$5,000	Written acknowledgement	All of the above, plus: <ul style="list-style-type: none"> • How you got the property; • Date you got the property; and • Cost or other basis Must file Form 8283
Donations of \$5,000 or more excluding stock, certain works of art, and autos	Qualified appraisal	Attach appraisal to return and complete page 2 of Form 8283

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Charitable Contributions

Tax Court Cases

- **Durden v. Commissioner (2012):** Taxpayers contributed \$25,171 to their church, all but five checks they wrote exceeded \$250. Written acknowledgement from church did not contain the statement “No goods or services were given in exchange for the donations.” While cancelled checks were provided, deduction was not granted and court cited strict compliance was necessary.
- **Quinn v. Commissioner (2012):** Couple tried to claim \$23,549 and \$24,567 of charitable deductions in years 2006 and 2007. The receipts provided were falsified or tampered with, and the couple’s charitable deduction was reduced to \$175 and \$10 in each year, with an added assessment of fraud. Mrs. Quinn was a former IRS auditor.

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Federal Estate, Gift & GST Taxes

Federal Estate & Gift Tax

- For 2022, the lifetime estate exemption or lifetime gifting amount is \$12.06 million¹ (\$24.12 million for married couples)
- The annual tax-free gift amount is \$16,000
- Higher estate and gift tax exemption will sunset on December 31, 2025 and revert back to ~\$5 million (adjusted for inflation)

Exemption Type	2020	2021	2022
Lifetime Estate Exemption	\$11.58 Mil	\$11.7 Mil	\$12.06 Mil
Tax-Free Gift (per recipient)	\$15,000	\$15,000	\$16,000

¹Generation-skipping transfer

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Social Security and Retirement



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Eligibility for Social Security

Social Security eligibility is based on earning “credits”

- 2022 = each \$1,510 earned a credit for Social Security
- Can only earn 4 credits per any one year
- Once earn 40 credits, eligible for social security upon reaching retirement age
- Benefits based on the average of highest 35 years of income, adjusted for inflation

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Working and Social Security Benefits

Retirement age = 66 for people born 1943-1954

1955 and on = add two months for each year until 67 is reached

1960 or later = 67

- **Younger than retirement age**
\$1 reduction for every \$2 of income* above the annual limit. The 2022 income limit is \$19,560.
- **In the year of full retirement age**
\$1 reduction for every \$3 of income* above the annual limit. The 2022 income limit is \$51,960.
- **Once full retirement age is reached**
No reduction in benefits, no matter how much you earn
- **You can start receiving benefits at age 62, and also delay up to age 70 (benefits will increase)**

*** Not included in the income calculation: interest, pension, annuities and investment income.**

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Medicare

Medicare Premiums

- One-off events like selling a home for a large gain can trigger a Medicare surcharge

If your yearly income in 2020 (for what you pay in 2022) was			You pay each month (in 2021)
File individual tax return	File joint tax return	File married & separate tax return	
\$91,000 or less	\$182,000 or less	\$91,000 or less	\$170.10
above \$91,000 up to \$114,000	above \$182,000 up to \$228,000	Not applicable	\$238.10
above \$114,000 up to \$142,000	above \$228,000 up to \$284,000	Not applicable	\$340.20
above \$142,000 up to \$170,000	above \$284,000 up to \$340,000	Not applicable	\$442.30
above \$170,000 up to \$500,000	above \$340,000 up to \$750,000	above \$91,000 and less than \$409,000	\$544.30
\$500,000 or above	\$750,000 and above	\$409,000 and above	\$578.30

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Medical and Long-Term Care

Medical Expense Deduction

- 7.5% of AGI expense threshold to be deductible (now permanent threshold per the COVID Relief Bill)
- Deductions include medical premiums, copays, vision, surgeries, dental care, medications, glasses, at-home care, hearing aids, mileage, etc.
- Cannot deduct purchases for general health not medically prescribed (gym memberships, daily vitamins, elective surgeries, diet food, etc.)
- In 2021, up to \$5,640 in premiums paid for long-term care insurance per person qualifies as a deductible expense
- Retirement communities move-in high costs can be partly allocated to this deduction
- In-home pools, air conditioning and saunas...

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Retirement

- IRA contribution remains \$6,000 in 2022 (\$1,000 catch-up for age 50 and older)
 - IRA contributions only up to earned income (which now includes alimony)
 - SECURE Act also added fellowships, stipends and IHSS payments as income qualifiers
 - Beginning in 2020, no age restriction to contributions (but no California deduction allowed)
 - Deductible IRA Contributions made after age 70½ will reduce QCD made in later years
 - Spousal IRA contribution allowed even if spouse does not earn income
- Back door Roth conversion still an option
 - Allows high-income individuals to make nondeductible contributions to Roth IRAs
 - Also, a useful tool in low-income years to reduce future RMDs and take advantage of low tax rates

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Retirement

- **Required Minimum Distributions (RMDs)**

- Yearly RMD Calculation = Retirement Plan Balance divided by a life expectancy factor (table goes up to age “120+”)
- Can wait to take RMDs until April 1 of the year after you turn age 72
 - Consider delaying if you will have lower income in year after you turn 72 or if you expect large deductions in that year.
 - Consider delaying if you marry in the year you turn 73

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Relief Payments

Economic Impact Payments

- “Stimulus Checks” authorized by Cares Act, Relief Package and American Rescue Plan Act
- Max payment in March 2021 was \$1,400 per taxpayer, spouse and dependent
- Taxpayers not required to repay any credit, even if 2021 income higher than previous years. If income went the opposite way, taxpayers can claim amount received on 2021 tax return and the remainder will be applied appropriately.
- Checks are not subject to tax but are technically an advanced tax credit
- Be on the lookout for Notice 1444-C to help you reconcile the credit on the 2021 tax return.

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Other Miscellaneous Items

Virtual Currency

- Per Notice 2014-21, Virtual Currency is treated as property, not as currency.
- IRS began sending letters out in July 2019 to all prior owners of virtual currency, warning them they may owe tax (very few people were reporting the transactions in prior years)
- The new 1040 form requires all taxpayers to answer a question if they owned virtual currency during the 2021 tax year (top of 1040)



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Other Miscellaneous Items

Popular Tax Scams

- Identity Theft
- Pervasive Telephone Scams – **THE IRS NEVER CALLS FIRST!**
- Soliciting W-2 forms from payroll companies or HR professionals
- Impersonation of Charitable Organizations
- False Income, Expenses or Exemptions

Reporting Tax Scams

- Can complete referral form found at: www.irs.gov/scams
- Report identity theft via: www.ftc.gov/idtheft
- CA - email ftbtaxscams@ftb.ca.gov

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Tax Reform 2018

General information on Tax Reform

- Bill known as the **Tax Cuts and Jobs Act (TCJA)** is legally titled *An Act to provide for reconciliation pursuant to Title II and V of the concurrent resolution on the budget for fiscal year 2018* because the Senate did not pass the bill with the short title
- Largest tax reform since the Tax Reform Act of 1986
 - ✓ The 1986 Act took approximately 18 months from first draft to signing and had bipartisan support and influence
 - ✓ TCJA took 50 days from first draft to signing and was strictly a partisan draft and vote
- The original bill had handwritten notes in the margins throughout the document
- Contains 115 new provisions and includes 165 references to additional regulations needed to be made by the Treasury (IRS)

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Tax Reform 2018

Changes related to Individual Income Taxes

- All filing status remain unchanged
- State/Local Taxes (includes property taxes) – limited to \$10k total (\$5k if MFS)
- Mortgage Interest
 - ✓ Debt prior to 12/15/2017 – limited to \$1 million of acquisition debt (no change)
 - Refinanced debt allowed at same limitation as long as debt **does not increase**
 - ✓ All new debt is limited to \$750,000 of acquisition debt
 - ✓ No equity debt allowed for old or new debt
- Misc. itemized deductions and exemptions eliminated through 2025: tax prep fees, legal fees, investment expenses, safety deposit box rental, **unreimbursed employee business expenses** and credit card convenience fee (paying tax online)

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Tax Reform 2018

Changes related to Individual Income Taxes (cont'd)

- Misc. above the line deductions
 - ✓ Moving expenses: suspended 2018 – 2025 except for military pursuant to military order
 - ✓ Teacher deduction (\$250) – remains
- Gambling losses – retained and now includes expenses related to gambling but still limited to winnings
- Alimony
 - ✓ For decrees finalized thru 12/31/2018 – no change
 - ✓ For decrees finalized after 12/31/2018 – not deductible to payer, not includable by recipient and not earned income for purposes of IRA contributions

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Tax Reform 2018

Changes related to Individual Income Taxes (cont'd)

- Roth re-characterization – can no longer undo a Traditional to Roth conversion after 12/31/2017
- Affordable Care Act Provisions
 - ✓ Individual mandate repealed beginning in 2019
 - ✓ 3.8% net investment tax – remains
 - ✓ 0.9% additional Medicare tax – remains
 - ✓ California enacted SB78 on June 27, 2019 to require healthcare insurance starting 2020
- Kiddie Tax – tax on unearned income of child
 - ✓ No longer tied to parents return; child must file own return (Remodified in 2020 and retroactive in 2018 and 2019 if elected)
 - ✓ If considering going back and amending, calculate tax under TCJA and SECURE rules

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Tax Reform 2018

Changes related to Individual Income Taxes (cont'd)

- Tax credits
 - ✓ Child Tax Credit – increased to \$2,000 with \$1,400 as refundable
 - ✓ Other Dependent Credit - \$500 nonrefundable
 - ✓ Phase-outs for both credits increased \$400,000 MFJ (from \$110,000) and \$200,000 all others (from \$55,000)
 - ✓ Electric Vehicle, Residential Energy (including solar) and adoption credits all retained
- Education Benefits
 - ✓ 529 Plans – added \$10,000 per year for K-12 education expenses (**Not California**)
 - ✓ Higher education interest expense retained for up to \$2,500 of interest
 - ✓ American Opportunity Tax Credit & Lifetime Learning Credit – both retained

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Filing Requirements

Individual Income Tax Return must be filed if:

- Self-employment income is \$400 or more, or
- Income is over the standard deduction

Filing status	Standard Deductions (IRC §63)		
	2020 (Rev. Proc. 2019-44)	2021 (Rev. Proc. 2020-45)	2022 (Rev. Proc. 2021-45)
Married filing joint and qualifying widow(er)	\$24,800	\$25,100	\$25,900
Head of household	\$18,650	\$18,800	\$19,400
Single	\$12,400	\$12,550	\$12,950
Married filing separate	\$12,400	\$12,550	\$12,950

- **Nanny Tax must be prepared if:**
 - Payments exceed \$2,400 (2021 = \$2,300)
 - Must be reported on Schedule H

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California

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California

- **Individual Health Care Mandate:** Required for all California residents to have health insurance beginning 1/1/2020 unless qualified for an exemption.
- **Calsavers:** By June 30, 2022, employers with five or more employees are required to have a retirement plan in place for workers.
- **AB150:** Helped pass-through business owners to pay a 9.3% tax on net income to apply to increase tax deduction above \$10,000 SALT limitation.
- **Tax Increase Proposal (latest):** ACA 11 is a proposed health care tax that, among other things, would introduce an 18-bracket system with up to an 18.05% tax on income at the highest level.
- **California 2022-2023 \$286.4 billion budget (released Jan 10, 2022):**
"The state now has a projected surplus of \$45.7 billion"


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Tax Organizer

PDFs available to help plan for taxes this year



2021

Questions (Page 1 of 5)

The following questions pertain to the 2021 tax year. For any question answered Yes, include supporting detail or documents.

Personal Information:

Did your marital status change? ☐ Yes ☐ No

Are you married? ☐ ☐

If Yes, do you and your spouse want to file separate returns? ☐ ☐

If No, are you in a domestic partnership, civil union, or other state-defined relationship? ☐ ☐

Can you or your spouse be claimed as a dependent by another taxpayer? ☐ ☐

Did you or your spouse serve in the military or were you or your spouse on active duty? ☐ ☐

Dependents:

Were there any changes in dependents from the prior year? ☐ ☐

Note: Include non-child dependents for whom you provided more than half the support.

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ITEMS YOUR CLIENT SHOULD BRING TO A TAX INTERVIEW

1. IRS Notice 1444-C and information regarding the amount of the third stimulus check.
2. IRS Letter 6419 and information regarding the amount of Advanced Child Tax Credit payments received.
3. 1099-Ks for merchant charges. Reconcile amounts on 1099s to amounts reported by the client for Schedules C or E (or business entity return).
4. 1099-Bs for sales of stock or securities. Reconcile amounts on 1099s to amounts shown on client reports, if any.
5. Property tax statements: Look at property tax bills and estimate of value of real property in California to verify that the county has properly computed tax based on reduced property values.
6. Property tax statements: Look for items that are not deductible as property taxes, such as HERO or PACE payments.

* Business agreement documents (BAC) for 1099-K for federal & California differences. Also see...

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Tax Returns 2021

- The IRS will **begin** accepting and processing **electronically** filed tax returns on/about **January 24** and will issue refunds within ~21 days
- Paper tax returns will also begin processing on **January 24, 2022** but with limited resources they will take much longer to process.
- IRS and FTB are backlogged...Expectations should be measured this year.

Filing deadline for 2021 tax returns
Thursday, April 18, 2022

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Thank you!

Questions?

Disclosure

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. To determine what is appropriate for you, please consult a qualified professional.

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Follow-up questions

Sandy VandenBerge

sandy.vandenberge@tmmc.com

310-784-4843

www.torrancememorialfoundation.org/news

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2021

Questions (Page 1 of 5)

The following questions pertain to the 2021 tax year. For any question answered Yes, include supporting detail or documents.

Personal Information:

	Yes	No
Did your marital status change?	<input type="checkbox"/>	<input type="checkbox"/>
Are you married?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, do you and your spouse want to file separate returns?	<input type="checkbox"/>	<input type="checkbox"/>
If No, are you in a domestic partnership, civil union, or other state-defined relationship?	<input type="checkbox"/>	<input type="checkbox"/>
Can you or your spouse be claimed as a dependent by another taxpayer?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse serve in the military or were you or your spouse on active duty?	<input type="checkbox"/>	<input type="checkbox"/>

Dependents:

Were there any changes in dependents from the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Note: Include non-child dependents for whom you provided more than half the support.		
Did you or your spouse pay for child care while you or your spouse worked or looked for work?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have any children under age 18 with unearned income more than \$1,100?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have any children age 18 or student children, aged 19 to 23, who did not provide more than half of their cost of support with earned income and that have unearned income of more than \$1,100?	<input type="checkbox"/>	<input type="checkbox"/>
Did you adopt a child or begin adoption proceedings?	<input type="checkbox"/>	<input type="checkbox"/>
Are any of your dependents non-U.S. citizens or non-U.S. residents?	<input type="checkbox"/>	<input type="checkbox"/>

Healthcare:

Did you obtain healthcare coverage through the Marketplace?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, include all Forms 1095-A.		
If you received advance premium tax credit, are married, and are filing separately from your spouse, are you a victim of domestic abuse or spousal abandonment?	<input type="checkbox"/>	<input type="checkbox"/>
Did you, your spouse, or a dependent have healthcare purchased through the Marketplace and for whom you did not receive Form 1095-A?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive Form 1095-A for someone claimed as a dependent on another taxpayer's return or who is filing their own return and is not claimed as a dependent on another taxpayer's return?	<input type="checkbox"/>	<input type="checkbox"/>
Are any of your dependents required to file a tax return?	<input type="checkbox"/>	<input type="checkbox"/>



2021

Questions (Page 2 of 5)

2B

Healthcare (continued):

Was anyone covered on your health insurance policy also covered on another health insurance policy for any part of the year?	<table border="1"><tr><td>Yes</td><td>No</td></tr><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	Yes	No	<input type="checkbox"/>	<input type="checkbox"/>
Yes	No				
<input type="checkbox"/>	<input type="checkbox"/>				
Were you eligible for employer-sponsored healthcare coverage?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>				
Did you or your spouse have any transactions pertaining to a health savings account (HSA)?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>				
If you received a distribution from an HSA, include all Forms 1099-SA.					
Did you or your spouse have any transactions pertaining to a medical savings account (MSA)?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>				
If you received a distribution from an MSA, include all Forms 1099-SA.					
Did you or your spouse receive any distributions from long-term care insurance contracts?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>				
If Yes, include all Forms 1099-LTC.					
If you or your spouse are self-employed, are you or your spouse eligible to be covered under an employer's health plan at another job?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>				
If Yes, how many months were you covered?					
If you or your spouse are self-employed, are you or your spouse eligible to be covered under an employer's long-term care plan at another job?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>				
If Yes, how many months were you covered?					
Did you or your spouse lose your job because of foreign competition and pay for your own health insurance?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>				

Education:

Did you, your spouse, or your dependents incur any post-secondary education expenses, such as tuition?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse pay any student loan interest?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse withdraw any amounts from your IRA to pay for higher education expenses incurred by you, your spouse, your children or grandchildren?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse withdraw any amounts from a Coverdell Education Savings Account or Qualified Education Program (Section 529 plan)?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
If Yes, include all Forms 1099-Q.			
If Yes, were the amounts withdrawn used for qualified tuition expenses?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		

Deductions and Credits:

Did you or your spouse contribute property (other than cash) with a fair market value of more than \$5,000 to a charitable organization?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
If Yes, provide the appraisal of property contributed. An appraisal is not required for contributions of publicly traded securities or contributions of non-publicly traded stock of \$10,000 or less.			
Did you or your spouse incur any casualty or theft losses?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse make any large purchases, such as motor vehicles and boats?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse incur any casualty or loss attributable to a federally declared disaster?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse purchase a new alternative technology vehicle, including a qualified plug-in electric drive motor vehicle? ..	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse use gasoline or special fuels for business or farm purposes (other than for a highway vehicle)?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
If Yes, provide the number of gallons of gasoline or special fuels used for off-highway business purposes. _____ Gallons _____ Type			
Did you or your spouse install any alternative energy equipment in your residence such as solar water heaters, solar electricity equipment (photovoltaic) or fuel cells?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		
Did you or your spouse install any energy efficiency improvements or energy property in your residence such as exterior doors or windows, insulation, heat pumps, furnaces, central air conditioners, or water heaters?	<table border="1"><tr><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>		



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Questions (Page 3 of 5)

2C

Investments:

	Yes	No
Did you or your spouse have any debts canceled, forgiven or refinanced?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse start or purchase a business, rental property, or farm, or acquire any new interest in any partnership or S corporation?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse sell an existing business, rental property, farm, or any existing interest in a partnership or S corporation?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse sell, exchange, or purchase any real estate? If Yes, include closing statements.	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse receive grants of stock options from your employer, exercise any stock options granted to you or your spouse or dispose of any stock acquired under a qualified employee stock purchase plan?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse engage in any put or call transactions? If Yes, provide the transaction details.	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse close any open short sales?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse sell any securities not reported on Form 1099-B?	<input type="checkbox"/>	<input type="checkbox"/>

Retirement or Severance:

Did you or your spouse contribute to a Roth IRA or convert an existing IRA into a Roth IRA?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse roll into a Roth IRA any distributions from a retirement plan, an annuity plan, tax shelter annuity or deferred compensation plan?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse turn age 72 and have money in an IRA or other retirement account without taking any distribution?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse make a qualified charitable distribution directly from an IRA?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse retire or change jobs?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse receive deferred, retirement or severance compensation? If Yes, enter the date received (Mo/Da/Yr). _____	<input type="checkbox"/>	<input type="checkbox"/>

Personal Residence:

Did your address change? If Yes, provide the new address. If Yes, did you move to a different home because of a change in the location of your job?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse claim a homebuyer credit for a home purchased in 2008?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse withdraw any amounts from your Individual Retirement Account (IRA) or Roth IRA to acquire a principal residence?	<input type="checkbox"/>	<input type="checkbox"/>
Are your total mortgages on your first and/or second residence greater than \$750,000? If Yes, provide the principal balance and interest rate at the beginning and end of the year. _____	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse take out a home equity loan?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse have an outstanding home equity loan at the end of the year? If Yes, provide the principal balance and interest rate at the beginning and end of the year. _____	<input type="checkbox"/>	<input type="checkbox"/>
Are you claiming a deduction for mortgage interest paid to a financial institution and someone else received the Form 1098?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your mortgagee receive mortgage assistance payments? If Yes, include all Forms 1098-MA.	<input type="checkbox"/>	<input type="checkbox"/>



2021

Questions (Page 4 of 5)

2D

Sale of Your Home:

	Yes	No
Did you sell your home?	<input type="checkbox"/>	<input type="checkbox"/>
Did you receive Form 1099-S?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, include Form 1099-S.		
Did you or your spouse own and occupy the home as your principal residence for at least two years of the five-year period prior to the sale?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse ever rent out the property?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse ever use any portion of the home for business purposes?	<input type="checkbox"/>	<input type="checkbox"/>
Have you or your spouse sold a principal residence within the last two years?	<input type="checkbox"/>	<input type="checkbox"/>
At the time of the sale, the residence was owned by the: <input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse <input type="checkbox"/> Both		

Gifts:

Did you or your spouse make any gifts, including birthday, holiday, anniversary, graduation, education savings, etc., with a total (aggregate) value in excess of \$15,000 to any individual?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse make any gifts of difficult-to-value assets (such as non-publicly traded stock) to any person regardless of value?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse make any gifts to a trust for any amount?	<input type="checkbox"/>	<input type="checkbox"/>
Do you or your spouse have a life insurance trust?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse assist with the purchase of any asset (auto, home) for any individual?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse forgive any indebtedness to any individual, trust or entity?	<input type="checkbox"/>	<input type="checkbox"/>

Foreign Matters:

Did you or your spouse perform any work outside of the U.S. or pay any foreign taxes?	<input type="checkbox"/>	<input type="checkbox"/>
Were you or your spouse a grantor or transferor for a foreign trust, have any interest in or a signature authority over a bank account, securities account or other financial account in a foreign country?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse create or transfer money or property to a foreign trust?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse own any foreign financial assets?	<input type="checkbox"/>	<input type="checkbox"/>
Were you or your spouse subject to the transition tax on undistributed foreign income and elect to pay the tax in installments?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse have an interest in an S corporation that had undistributed foreign income subject to the transition tax?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, did the corporation cease to be an S corporation?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, was there a sale or liquidation of substantially all of the corporation's assets or did the corporation cease business?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, did you or your spouse transfer any share of stock in the corporation?	<input type="checkbox"/>	<input type="checkbox"/>



2021

Questions (Page 5 of 5)

2E

Miscellaneous:

Did you or your spouse pay in excess of \$1,000 in any quarter, or \$2,300 during the year for domestic services performed in or around your home to individuals who could be considered household employees?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse receive unreported tip income of \$20 or more in any month?	<input type="checkbox"/>	<input type="checkbox"/>
Have you or your spouse received a punitive damage award or an award for damages other than for physical injuries or illness?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse engage in any bartering transactions?	<input type="checkbox"/>	<input type="checkbox"/>
Were you or your spouse notified by the IRS or other taxing authority of any changes in prior year returns?	<input type="checkbox"/>	<input type="checkbox"/>
For any trust that you or your spouse created or are trustee, did any beneficiaries, grantors, or trustees die or move?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse sell, acquire, or exchange Bitcoin or other virtual currencies or engage in any sales or exchanges denominated in Bitcoin or other virtual currencies?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse receive an economic impact payment?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, enter the amount of any economic impact payment received. _____		
If Yes, did you or your spouse repay any of the economic impact payment received?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, enter the amount of the economic impact payment repaid. _____		
Did you or your spouse receive any advanced child tax credit payments?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, attach all IRS Letters 6419 and enter the amount of the payments received. _____		
If self-employed, were you unable to work due to contracting COVID-19, being in quarantine or isolation due to COVID-19, caring for an individual who contracted COVID-19 or was in quarantine due to COVID-19, or due to caring for a son or daughter because the child's school or childcare provider was closed or unavailable due to COVID-19 precautions?	<input type="checkbox"/>	<input type="checkbox"/>
Did you or your spouse take out a Payroll Protection Program loan?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, enter the date and total amount of the Payroll Protection Program loan(s) disbursed. Date (Mo/Da/Yr) _____ Amount _____		
If Yes, did you or your spouse have any eligible expenses that were paid with the Payroll Protection Program loan(s)?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, are these amounts included in the expenses reported for the business?	<input type="checkbox"/>	<input type="checkbox"/>
If Yes, did you or your spouse receive loan forgiveness or are you or your spouse seeking forgiveness?	<input type="checkbox"/>	<input type="checkbox"/>
If No, enter the date loan forgiveness was denied or that you or your spouse decided not to seek forgiveness. Date (Mo/Da/Yr) _____		
If No, enter the amount of the loan for which forgiveness was denied or the amount of the loan for which you or your spouse decided not to seek forgiveness. Amount _____		

Additional state pages have been included at the back of the organizer and should be reviewed.

ITEMS YOUR CLIENT SHOULD BRING TO A TAX INTERVIEW

1. IRS Notice 1444-C and information regarding the amount of the third stimulus check.
2. IRS Letter 6419 and information regarding the amount of Advanced Child Tax Credit payments received.
3. 1099-Ks for merchant charges. Reconcile amounts on 1099s to amounts reported by the client for Schedules C or E (or business entity return).
4. 1099-Bs for sales of stock or securities. Reconcile amounts on 1099s to amounts shown on client reports, if any.
5. Property tax statements: Look at property tax bills and estimate of value of real property in California to verify that the county has properly computed tax based on reduced property values.
6. Property tax statements: Look for items that are not deductible as property taxes, such as HERO or PACE payments.
7. Review government documents (W-2s, 1099s) for federal/California differences. Also be sure to review government documents for accurate taxpayer identification numbers.
8. Paycheck stubs to review withholding and to provide to the FTB if withholding amount is reduced.
9. Statements and instructions from mutual fund companies breaking down U.S. government and state tax-exempt income information.
10. All tax information broken out separately for both members of a registered domestic partnership.
11. Notices, bills, etc., from the IRS or California.
12. New clients should bring the past four years' returns.
13. For the Child and Dependent Care Expenses Credit:
 - Nontaxable funds received, including child support and public assistance;
 - Percentage of time the qualifying dependent lives in the California home of the taxpayer;
 - Address, telephone number, and Social Security number or Employer Identification Number of the care providers;
 - Expenses paid to California providers; and
 - Nonresident military spouse's military income.
14. California K-1 and accompanying correspondence (check for California differences and possible state tax paid by S corporation, partnership, trust, or LLC).
15. Withholding paid through escrow on sales of property reported on FTB Form 593-B and closing statements. Keep a copy of the escrow closing statement and Form 593-B.
16. Withholding for residents and nonresidents reported on FTB Form 592-B.
17. Invoices from purchases made over the Internet, by mail, or by phone order where no California sales or use tax was paid (or, if the use tax table amount is used, only individual purchases of more than \$1,000).
18. Any activity pertaining to a Health Savings Account, including contributions to, earnings or losses from, distributions from, and rollovers to that account.
19. Rollover or distribution amounts from Medical Savings Accounts, FSAs, HRAs, and Roth IRA conversions.
20. Did the taxpayer form a business entity this year, does the taxpayer own an inactive business, or does he or she plan to terminate a business this year?
21. Change of ownership of business entity.
22. Title change information for property that changed hands due to gift or death of an owner.

23. For employers with no more than 25 full-time equivalent employees, review for possible federal Health Insurance Credit. If credit is taken, there will be a federal/California difference in the expense amount for employee health insurance.
24. For Schedule C and other business returns, alert the taxpayer of the requirement for a city business license.
25. Identity Protection PIN (IP PIN): If you received a CP101A Notice from the IRS in January, your IP PIN is located in the left column. Please provide a copy of this letter.
26. For all documents, please provide a scan, photocopy, or fax. Do not send photos taken with a cell phone.

**Website**

To download a copy of this list, go to:
www.caltax.com/files/2021/taxinterview.pdf