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Happy New Year!

We all hope you and your families are well and safe. We are glad to be starting a New Year full of promise. We are all getting geared up for the new tax season. Our staff has changed. Marion Thompson, Ian Valdivia and Connie Thew are the professionals preparing your returns, tax planning and answering your questions. Michelle Palmer is our administrative assistant handling your requests for appointments and other administrative questions.

This letter is designed to give you the guidance for the information we need to prepare your 2020 individual income tax returns. We will once again ask you to sign the annual tax return engagement letter. Please find this on our web site in the downloads section. Also on our web site are the Streamlining Tips and the blank organizer. [www.ttatax.com](http://www.ttatax.com) Michelle can provide you the Personalized Organizer and Checklist at your request. [michelle@ttatax.com](mailto:michelle@ttatax.com)

We need to be sure that we have up to date contact information for all clients including email addresses and mobile phone numbers. Please bear with us as we ask for this verification.

We are taking in-office meetings this tax season. If you'd rather work remotely, that's fine, you can drop off, mail-in, or upload information to our vault. Then you can call Michelle to set up a meeting, or a Zoom call.

Please try to have all your tax materials to our office – by March 24, 2021.

### **Stimulus Check**

There was a third 'Stimulus' check in 2021. We need to reconcile this on your 2021 income tax return to be sure that you received the correct amount. IRS will send Letter 6475 for the third stimulus payment and any catch-up payments.

### **Advanced Child Tax Credit**

In July 2021 IRS started sending advanced child tax credit payments to taxpayers. IRS should send you Letter 6419 showing the amounts you have received. We need to reconcile these amounts on your tax returns. Since taxpayers have received these advance payments, some will see much lower refunds.

### **Deductions**

We still need to accumulate the information on your 1) medical, 2) state income and property tax, 3) mortgage interest, 4) charity and other deductions in order to apply the latest rules, and to complete your state tax returns properly. ***Additionally, there is a deduction for charity amounts for those who do not typically itemize deductions, so please let us know of all cash contributions you have made in 2020.***

Employee work related business expenses are no longer deductible on the Federal return, but we may still need the information for your state return, and if you incur a lot of these types of expenses, you need to discuss the use of an accountable plan with your employer. With many folks working from home this year a simple tool to help is to see if your employer has an accountable plan to reimburse you, tax-free, for the business use of your home.

*Over please*

## Compliance

Again, IRS has a question on the 2020 Form 1040 asking whether you have bought, sold, traded or spent any virtual currency and we must ask you to verify this for us to avoid IRS penalties. Each time you trade or sell a virtual currency that creates a capital gain transaction.

Again, IRS scrutiny of foreign accounts means that you need to be absolutely clear about any non-US accounts, income and assets so that we report it correctly.

In order to prepare your return this year we are required to obtain all Forms W-2's, 1099's from retirement, interest, dividends and brokers, Form 5498 for IRA and other retirement accounts, Form 1095-A forms for those with insurance from a state exchange, bank Forms 1098 and any other official IRS documents. Having these reports and forms also lets us know what was reported to the agencies so we can present your information in the most beneficial way. Please note the date paid for estimated tax payments to the Federal or state.

Each year we look back and analyze the past year in our office. I hope you have found us to be responsive and helpful. If not, please let me know. We also consider time invested in training and keeping up to date with current tax laws and regulations. This year we see a need to increase the fees a small amount. Additionally, some clients may see a change in their fee depending upon their personal situation.

We are happy to meet with you throughout the year for tax and estate planning, retirement and similar income tax related issues, and sincerely appreciate your continued business each year.

Sincerely,

*Marion R. Thompson*

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