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#B00973

Enclosed is a tax organizer to aid you in gathering information needed to prepare your 2021 tax return. You can also visit our website www.scaptax.com to download an organizer or other helpful tax forms. We are open year around for all your Payroll, Bookkeeping and Tax Preparation needs.

For security reasons, WE WILL NOT BE OPENING ANY EMAILS WITH ATTACHMENTS, please contact us and we will send you a link to an encrypted email address that is safe to use. This is for your protection against identity theft.

HERE'S A FEW OF THE HIGHLIGHTS AND REMINDERS FOR THE 2021 TAX YEAR

FEDERAL TAX:

The Standard Deduction for 2021: Standard deduction has increased to $12,550 for singles, $18,800 for Head of Households, and $25,100 for married couples filing jointly.

The 2021 Standard Mileage rate deductions are:

- 56 cents per mile for Business miles driven
- 16 cents per mile for Medical and moving miles drive
- 14 cents per mile driven in service of Charitable organizations

Itemizing Medical Expenses: You can generally deduct your unreimbursed medical and dental expenses that exceed 7.5% of your AGI on your 2021 return if you itemize.

Capital Gains Rates remain the same, but the income required for each rate has changed.

Child Tax Credit: Got kids? You probably noticed a nice surprise from the IRS in July: free money! The American Rescue Plan, passed in March 2021, bumped the Child Tax Credit from $2,000 to $3,600 for each child under age 6 and to $3,000 for each child 6-17. Rather than waiting until tax time for families to claim this credit, the IRS began sending out a portion of the credit through advance monthly payments ($300 per month for each child under 6 and $250 for each child 6 to 17). The Child Tax Credit is gradually phased out for people with incomes over $150,000 if married filing jointly or $112,500 if filing as head of household. **Remember:** *taking advance Child Tax Credit payments now will reduce the amount you get at tax time. Payments are based on your 2020 taxes, so if your income went up enough in 2021 to start closing in on the phase-out limit for the credit, you might have to repay any excess credit received.* You should receive a Letter #6419 that tells you how much in Advanced Credit you received for the year.

Charitable Deductions: For non-itemizers, you may claim an above-the-line deduction (meaning not on Schedule A) of up to $300 ($600 for married filing jointly) for charitable contributions made in cash.

Special Medical Subtraction is allowed for taxpayer and/or spouse 66 or older on your Oregon return.

Stimulus Checks: As part of the American Rescue Plan Act of 2021, the IRS sent a third round of stimulus checks to millions of Americans up to $1,400 for individuals and additional $1,400 for dependents.

The good news is your stimulus check will not count as taxable income. Instead, it's being treated like a refundable tax credit for 2021, on your Federal, but may have an impact on your state return.

Unemployment Benefits: After the pandemic stalled a large part of the economy, many Americans found themselves out of work (at least temporarily) and turned to unemployment insurance for help. Though the first $10,200 was not taxable in 2020, that is not the case in 2021. So, if you were unemployed in 2021 and did not have taxes withheld from your benefits, plan now to pay taxes on those benefits.

Roth IRA: A Roth IRA conversion makes sense when:

- Taxes are low.
- Your income is reduced.
- You have the money to pay the taxes that become due.
- You don't want to leave heirs a big tax bill.

With a traditional IRA, you don't pay taxes on the money you deposit, but withdrawals are taxed as ordinary income. With a Roth, you deposit money on which you've already paid taxes, so the money you withdraw in retirement is not taxable. A Roth IRA conversion means you pay tax on your savings in the year you move your money from the traditional retirement account to the Roth to set up tax-free income later in life. Your Roth distributions will eventually be a tax-free source of retirement income.

REMINDER FOR BUSINESSES

File Form 1099's for each person to whom you paid cash or check during the year:

***File form 1099-NEC:**

a) For at least $600 in services (including parts and materials, prizes and awards, other income payments) or
b) $600 or more paid to any attorney for fees (including Corporations)

***Form 1099-MISC:**

a) Gross proceeds of $600 or more paid to an attorney (including Corporations) or
b) Royalties paid of $10 or more or
a) $600 or more paid in rents (including self-rental)

SBT can provide this service for you!

OUR TAX SEASON STAFF

Scappoose Office

Vanessa Beebe – Licensed Tax Preparer
Mary Hales – Licensed Tax Preparer and Enrolled Agent, QuickBooks Pro Advisor
Brenda Hoag – Office Manager, Payroll Specialist and Bookkeeper
Mary Icenogle – Licensed Tax Consultant and Enrolled Agent
Betty Karsten – Licensed Tax Consultant and Enrolled Agent
Terri Robinson – Accountant and Bookkeeper
Alex Smith – Clerical Staff
Cynthia Wakefield – Clerical Staff

St. Helens Office

Vanessa Beebe – Licensed Tax Preparer and Payroll Specialist
Cindi Caruso – Licensed Tax Consultant and Enrolled Agent and Enrolled Agent,
Mary Hales – Licensed Tax Preparer and Enrolled Agent QuickBooks Pro Advisor
Betty Knod – Clerical Staff
Judy Pollard – Office Manager and Bookkeeper

Starting February 5, 2022, both offices will be open the following hours:
9:00 am to 6:00 pm Monday – Thursday
9:00 am to 5:00 pm Friday & Saturday
*** Special appointments are available upon request***

We are looking forward to seeing you this tax season!
Remember, you can follow us on Facebook!

Jp Organizer File "2021 Letter for organizer 110821"