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January 1, 2021

Dear Client;

2020 what a year! Dedra and I are happy to see those 366 days in the rear view mirror. Our scrappy old Caesar battled too many Brutus's and too much headwind. Even an invisible China virus haunted him. Let's hope the new Caesar won't destroy our Republic. During this Christmas we pray you are well, physically, mentally and financially. The virus has attacked us on all fronts hopefully we will be stronger on the other side of it. By now I hope you have had a chance to review our company's Covid-19 policy regarding the upcoming tax season. If not, you can find that letter on our website.

Alas, tax-time is here once again. Page one and two of this newsletter shows the 2020 TAX FACT SHEET. Page three contains information regarding our pre-Covid-19 OFFICE POLICY, much of which is unchanged. Page four states our PRIVACY NOTICE and some security advice. On page five we show OBAMACARE information as well as a tax practice/client "wish list". Page six revises our REFUNDABLE CREDIT Documentation Letter to include (H.O.H.) Head of Household document requirements (started in 2018). Page seven relays my disgust at living in the 21st century and our attempt at safely relaying identity/financially sensitive information from us to you.

Our defense against this unseen virus is our faith in our unseen GOD. You may want to read the Good Book during this Christmas season, especially during these trying times. More specifically you may want to acquaint yourself (or re-acquaint yourself) with the 23rd Psalm. This Psalm, written by King David, is heard mostly at funerals but I think it is highly appropriate for 2020/2021 planet earth. Its words are comforting at death BUT they should also comfort us during our journey on earth.

At this time we won't focus on the virus' shadow of death, we should become the people in the valley that realize just how much our collective cups runneth over. Dedra and I will again give our soldiers and veterans a break on their tax prep fees. We really do appreciate everything you do/did for us. Folks lets all take a deep breath (even if wearing a mask) and thank God Almighty that we live in these United States and pray they stay United. Merry Christmas and have a healthy 2021.

Sincerely,

Barry P Lindenbusch
President

2020 TAX FACT SHEET

. . . . **INCREASED STANDARD DEDUCTION:**

Married Filing Jointly	under 65	\$ 24,800
Married Filing Separately	under 65	\$ 12,400
Head of Household	under 65	\$ 18,650
Single	under 65	\$ 12,400

The above standard deduction for those who are either 65 or legally blind is increased by \$1300 or \$1650 per person depending on filing status.

. . . . **10% TAX BRACKET:** is built into the tax tables for the very first dollars taxed. \$9875 for single and married filing separate, \$14,100 for head of household and for married filing joint the amount is \$19,750.

. . . . **THE TAX BRACKET FOR 2020:**

Married Filing Jointly	you leave the 12% bracket and enter the 22% when taxable income hits \$80,250.
Married Filing Separately	you leave the 12% bracket and enter the 22% when taxable income hits \$40,125.
Head of Household	you leave the 12% bracket and enter the 22% when taxable income hits \$53,700.
Single	you leave the 12% bracket and enter the 22% when taxable income hits \$40,125.

. . . . **THE PERSONAL EXEMPTION:** Is lowered to zero for tax years 2018 thru 2025.

. . . . **THE BUSINESS MILEAGE:** rate for 2020 57.5 ¢ per mile

THE MEDICAL MILEAGE: rate for 2020 17.0 ¢ per mile

THE CHARITABLE MILEAGE: rate for 2020 14.0 ¢ per mile

. . . . **THE SELF EMPLOYED HEALTH INSURANCE:** deduction for 2020 is 100% of your premiums or net earnings from business whichever is lower. This deduction is an adjustment to income and does not reduce FICA & Medicare. Also available to Sub Chapter S shareholders who own more than 2% of the Corporation.

... **THE SECTION 179 ELECTION TO EXPENSE:** 2020 maximum deduction is \$1,040,000.

... **DEPENDENT CARE CREDIT:** If your AGI is between \$15,000 and \$43,000 you can receive a credit ranging from 20% to 35%. For taxpayers over \$43,000 in AGI, the credit remains 20%. The credit is based on \$3000 for one child or \$6000 in daycare for two or more children. This amounts to \$600 to \$1050 if you have one child or \$1200 to \$2100 for 2 or more children. Remember to get the child care providers Name, Address and ID# (social security number if provider is an individual).

... **THE CHILD TAX CREDIT:** For a child 16 and under: 2020 is \$2000.00 per child.

The “Lucky One Percenters” 2020 income redistribution hits at:

... The top marginal income tax bracket for married taxpayers with Adjusted Gross Income (AGI) over \$622,051 is 37%. For single taxpayers the Adjusted Gross Income threshold is \$518,401.

... The long term capital rates for AGI and filing status is 20%. For AGI on married taxpayers this capital gain rate of 20% starts at \$496,600 and for single taxpayers starts at \$441,450.

... There is no Phase-out on itemized deductions.

... The 3.8% tax on net investment income remains on married taxpayers with MAGI’s (modified adjusted gross income) of \$250,000 and single taxpayers with MAGI’s reaching \$200,000, these thresholds also apply to the 0.9% Medicare tax on earnings. These two taxes were instituted with the Obamacare legislation and do not appear to be indexed to inflation.

... The exemption amount for alternative minimum tax (AMT) is \$113,400 for married taxpayers and \$72,900 for single and Head of Household taxpayers and \$56,700 for married persons filing separately.

Under the SECURE Act (RMD) Required Minimum Distributions commence on April 1 of the calendar year following the year you reach age 72 (previously 70 ½). This starts after December 31, 2019. The RMD was waived in 2020 due to Covid-19 legislation.

With the exception of the ten percent bracket, the remaining six brackets have been reduced either two or three percentage points for 2020 compared to 2017 and earlier.

See also on our website information on:
Click on [Useful Tax Information](#)

Refundable Credit & HOH documentation letter
1099 Misc & NEW 1099 NEC Alert
Employee VS Independent Contractor

OFFICE POLICY

Lindenbusch Accounting and Tax Service, Inc. is very small and we wish to remain that way. During the income tax season which starts in mid-January and runs through mid-April, our time is a precious commodity. We've grown to the point where we need to share some guidelines with you, our valuable client. We appreciate your trust in us and hope that with these few suggestions our accounting and tax practice can operate more efficiently to better serve you. THANK YOU.

OFFICE HOURS (during tax season)

8:30 am to 7:00 pm Monday through Friday

8:30 am to 200 pm Saturdays after 2pm by appointment

OFFICE HOURS (outside of the tax season)

By appointment only. To keep fees reasonable, we do not employ a secretary for the entire year.

APPOINTMENTS

Please ring the doorbell once and enter, someone will show you in. Try to be on time or 5 to 10 minutes early. If you are to be more than 10 minutes late, a quick phone call would be appreciated. To reduce communication errors our secretary has been asked to repeat the appointment time, day of the week and date. To help facilitate clear and concise appointments, we suggest that you jot down your appointment. Please refer to our postcard. We do not make reminder calls. If children need to accompany you we have TV, videos, and books/magazines in the waiting room. **NO APPOINTMENTS WILL BE MADE BY EMAIL.**

DROP-OFFS

Returns dropped off are WELCOME. We ask that you include a daytime, evening and/or cell phone number(s). Tell us the best time to call you.

INVOICING

If your return is dropped off and picked up later or if it is mailed back to you by us, our tax prep invoice will always be in the file copy folder in the left side pocket (when opened). Prompt payment would be appreciated, regardless of whether return is dropped off or you sit for an appointment.

TELEPHONE

Our secretary will be here from 8:30 am to 5:00 pm Monday through Friday starting mid-January. We would prefer that she make the appointments during those hours. To utilize her even more we ask that as many phone calls, return drop-offs and return pick-ups as possible occur during those hours. Advance appointments (November, December and January) will be taken by either Dedra or myself. Simple questions will be forwarded to one of us and we'll try to call you back as soon as possible. Limited tax planning can be done during your income tax appointment. In depth tax planning will need to be done from May through December. **IF REQUESTED WE CAN SEND YOU A PERSONAL TAX ORGANIZER BASED ON LAST YEARS TAX INFORMATION.** You can see at a glance all your data from last years return. If interested call to get this tax organizer prior to filing your taxes.

PRIVACY NOTICES

The Gramm-Leach Bliley Act and the Federal Trade Commission (F.T.C.) restrict the disclosure of personal financial information by us and those in our employ. Because we produce a “financial product or service” Uncle Sam is mandating that we supply you with a notice of our privacy policy. Please refer to our new website for additional privacy information.

Lindenbusch Accounting and Tax Service, Inc. has never and will never sell or give away in part or in total our clients tax returns, information, client lists, or addresses. Your confidence in us is important and we want you to know that your personal and account information is safe. If you have any questions or concerns, please contact us.

In fact we’re not that crazy about faxing returns even with the consent of the client. That return can be viewed by anyone on the other end. We furnish a copy of your tax return at the time it is prepared. **If you think that you will need an extra copy please inform us at that time and we’ll throw another copy in for no extra charge.** If at a later date you need us to make a copy to either mail, e-mail, pick up or fax a fee of \$30.00 per return will be charged. I really want to discourage faxing tax returns for obvious privacy reasons. Please keep the Grey folder containing the CLIENT FILE COPY of your return that we make for you. That copy has your W-2’s and other source documents attached. We have the capability to E-MAIL returns to the taxpayer(s). **However due to security reasons we will not email to a third party.** We will only email to the email address provided to us at appointment time. If you drop-off or mail your information to us, please make sure to provide us with your current email address.

How long should you keep your records? I’d keep for 5 years documents such as receipts, statements, check registers and computer hard copy. Your actual tax return I’d keep much longer, it has a copy of your W-2’s/1099’s and often your working papers. 50 years of tax returns only take up 2 cubic feet. Any asset that you currently own, if upon sale or liquidation would create a taxable event, you need to keep the documents that show your cost basis for that asset. Depreciation schedules would fall into this category.



If you have a conceal and carry permit, you and your firearm ARE welcome in our office. This castle (your tax info) is protected by the 2nd amendment and our willingness to exercise that God-given right. We are not a gun-free zone.

There are sheep, wolves and sheepdogs. Which one do you choose to be?

For OBAMACARE

- Bring Form 1095-A Health Insurance Marketplace Statement
- Bring Form 1095-B Health Coverage
- Bring the income of any child considered in your household
- The penalty for not having health insurance is repealed for 2019. This is sometimes referred to as the Individual Mandate.

We wish our clients would

- Arrive 5 to 10 minutes early for appointments, call if you will be more than 5 minutes late.
- Bring a paper copy of all W-2's, 1099's, 1095's, consolidated broker statements, K-1's and 1098T's (**college tuition payments transcript/receipts**) with you at tax time. We need these paper copies at your appointment time because we must scan and retain them. Do not wait to download any of this information in our office.
- If your dependent student child is under the age of 24 and is working do not let them file their own returns and claim themselves unless discussed. Also know cost of books required for college courses.
- Bring real estate and personal property tax receipts.
- Bring any newborn child's social security card and birth certificate.
- We do not hire a secretary year round. If you need to leave a message on our answering machine we need to HEAR your name and telephone number. If it is inaudible you probably will not be called back.
- Know your child's daycare provider and if new bring their name, address and ID number with you. Have total amounts per child and per provider. Also let us know if you participated thru your work in the cafeteria plan for daycare.
- Look at your return in our office or when you get home. Make sure names, addresses and social security numbers are correct, number of dependents are correct and direct deposit information is correct and or updated (bank routing number and your account number).
- If your return is not finished or is dropped off to us, make sure when you pick it up you review the front page (comparing it to last year's return is a good idea) and promptly sign the **Form 8879 e-file signature form** and get it back to us. Faxing it is perfectly acceptable.

There are TWO TIERS of documents that the preparer must receive and retain in order to properly prepare and e-file your return. WE WILL NEED AT LEAST ONE ITEM FROM EACH TIER.

TIER ONE
PROOF OF CHILD(REN) RELATIONSHIP

- Social Security Card
- Birth Certificate
- Adoption Papers

TIER TWO
PROOF THAT CHILD(REN) LIVES WITH CLIENT
Documents that have child(ren) names and address

- *School records, school letter, report card
- Landlord or property records (H.O.H.)
- Real Estate tax receipt (H.O.H.)
- Utility bill (H.O.H.)
- Health care provider statement
- Medical records
- Childcare provider statement
- Placement agency statement
- Social service records
- Place of Worship statement
- Employer statement

We need to collect tier two documents each and every year on each child, two or three documents is suggested in Tier Two. Lindenbusch Accounting and Tax Service, Inc. need these statements/documents. We are required to retain this information to ensure that we practiced due diligence for the claiming of:

1. Earned Income Credit
2. Child Tax Credit and Other Dependent Credits
3. Education Credits
4. Head of Household (H.O.H. started in 2018)

If we do not acquire this documentation the above tax benefits will be disallowed by the IRS.

* In addition to school records that anchor a college age child to your residence, we will also need Form 1098-T AND your dependent students tuition payment transcript for last year as well as the cost of books. We will need this information to file for any tuition credits or education deductions.

It is a sad fact in today's world we have cyber-criminals running rampant. Until our citizens force our non-responsive government to treat them as they should be treated, then we will have much more of it. We as a country need to inflict crushing penalties on domestic and foreign "hackers/thieves". Their crimes include, but are not limited to; identity theft, false filing of entire tax return, sale of stolen social security numbers, stealing children's social security numbers, bank and credit card fraud, compromising medical records, etc, etc.

Dedra and I have taken many measures including acquiring cyber insurance to mitigate any breach. No one is out of reach from these criminals. Even the IRS, the military, state governments and the largest companies are getting hit. If your return is e-filed rejected for identity theft or any other reason that is not the fault of Lindenbusch Accounting & Tax Service, Inc., there will be an additional fee. For this reason we are charging a fee for e-mailed, mailed or copies of any tax return other than the original file copy that you received at tax time. **That charge remains \$30 per return.** Remember, for e-filing the original there is no charge and if you want/need an extra copy of your income tax return during your annual tax appointment there is no charge. So please take care of your file copies and put them in a safe accessible place. Thank you.

As I briefly mentioned in the cover letter we had experienced phone disruptions. Many are due to high volume client contact. Gina, our secretary, struggles to ensure that clients are served in the order they arrive (in person or by phone). Dozens of times I hear the phone and door bell ring simultaneously. She will either put you on hold or ask the arrival to have a seat in our waiting room. Please be patient with us and our possible busy signals. If you go to voicemail (answering machine) leave a message. The other problem we are experiencing as well as businesses nationwide, are the unsolicited sales or "robocalls." The US has seen an explosion of this type of intrusion. Caller ID is worthless because these vermin have learned to "SPOOF" (ie appears as though it is your neighbor or acquaintance calling you from your area code and prefix). At 8 pm one summer evening Dedra and I got 3 calls upstairs from OUR business number downstairs. This is infuriatingly creepy. I've written the president both US senators and my US congressman. Senate Bill 151 sponsored by Pallone/Thune currently passed. Lets pray it workds.