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We say goodbye to 2021. Our feeble Caesar and his ilk are busy decriminalizing evil. Much like King Herod in our savior's world, today's tyrants are very afraid of what is right and just. During this Christmas season let us reflect on the old adage "the more things change the more they stay the same." Let us also anchor our lives to the One that matters most. Dedra and I hope you are doing well and we pray for those treasured ones that are temporarily lost to us here on earth.

We give unto Caesar once more. To help keep Caesar out of your pocket, Dedra attended over 41 hours and I endured 33 hours of continuing professional education. Page one and two of this newsletters shows the 2021 TAX FACT SHEET. Page three details our OFFICE POLICIES. Page four states our PRIVACY NOTICE and other security measures. This year pages five, six and seven refer to what I call the PANDEMIC PANDOMINIAM PAYMENTS. If you have children/dependents these 3 pages are a must read. Page eight is in regards to preparer dependent document retention requirements. Page nine relays our struggles with confidentiality and the corruption of phone communications by outsiders.

We've endured some tribulations in the last two years. As mentioned above those trials are always with us. Let us strive to pass them with HIS favor and guidance. Thank you veterans and active duty soldiers, Dee and I will give you a break on tax prep fees on a case by case basis.

Please folks stay healthy and have a blessed 2022. A copy of our newsletter will be on the website at www.lindenbuschtaxservice.com on or about mid January.

Sincerely,

Barry & Dedra Lindenbusch

2021 TAX FACT SHEET

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

Married Filing Jointly	under 65	\$ 25,100
Married Filing Separately	under 65	\$ 12,500
Head of Household	under 65	\$ 18,800
Single	under 65	\$ 12,500

The above standard deduction for those who are either 65 or legally blind is increased by \$1350 or \$1700 per person depending on filing status.

.... **10% TAX BRACKET:** is built into the tax tables for the very first dollars taxed. \$9950 for single and married filing separate, \$14,200 for head of household and for married filing joint the amount is \$19,900.

.... **THE TAX BRACKET FOR 2021:**

Married Filing Jointly	you leave the 12% bracket and enter the 22% when taxable income hits \$81,050.
Married Filing Separately	you leave the 12% bracket and enter the 22% when taxable income hits \$40,525.
Head of Household	you leave the 12% bracket and enter the 22% when taxable income hits \$54,200.
Single	you leave the 12% bracket and enter the 22% when taxable income hits \$40,525.

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

.... **THE BUSINESS MILEAGE:** rate for 2021 56 ¢ per mile

THE MEDICAL MILEAGE: rate for 2021 16 ¢ per mile

THE CHARITABLE MILEAGE: rate for 2021 14 ¢ per mile

.... **THE SELF EMPLOYED HEALTH INSURANCE:** deduction for 2021 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 “Lucky One Percenters” 2021 income redistribution hits at:

. . . . The top marginal income tax bracket for married taxpayers with Adjusted Gross Income (AGI) over \$628,301 is 37%. For single taxpayers the Adjusted Gross Income threshold is \$523,601.

. . . . 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 \$501,600 and for single taxpayers starts at \$445,850.

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

. . . . The 3.8% tax on net investment income will hit 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 new 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 \$114,600 for married taxpayers and \$73,600 for single and Head of Household taxpayers and \$57,300 for married persons filing separately.

Under the SECURE Act (RMD) Required Minimum Distribution 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, but not waived for 2021.

With the exception of the ten percent bracket, the remaining six brackets have been reduced either two or three percentage points for 2021 compared to 2017 and earlier.

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

Refundable Credit documentation letter
1099 Misc 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, unless extended, 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 3:00 pm Saturdays after 3 pm 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 going to be a little 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 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 4:30 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.

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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?

PANDEMIC PANDAMONIUM PAYMENTS

LEGISLATION: TRUMP

Families First Coronavirus response Act (FFCRA) March 18, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES) March 27, 2020
Consolidated Appropriations Act of 2021 (CAA) December 27, 2020

LEGISLATION: BIDEN

American Rescue Plan Act (ARPA) March 11, 2021

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CARES ACT: Economic Impact Payments (EIP)

FIRST EIP - \$1200 per adult and \$500 for children 16 and under was paid out in April-June 2020 either by direct deposit or by mail (with info based on how your previous income tax return was filed). EIP #1 phase-out applied for higher Adjusted Gross Income (AGI) taxpayers:

Married Filing Separately(MFS) or Single	\$ 75,000-\$ 99,000
Head of Household (HOH)	\$112,500-\$136,500
Married Filing Jointly	\$150,000-\$198,000

CAA of 2021:

SECOND EIP - \$600 per adult and \$600 for each child 16 and under was paid out in January-February 2021. EIP #2 phase-outs at a rate of 5%

Married Filing Separately(MFS) or Single	\$ 75,000-\$ 87,000
Head of Household (HOH)	\$112,500-\$124,500
Married Filing Jointly	\$150,000-\$174,000

NOTE BOTH EIP #1 AND EIP #2 SHOULD HAVE been reconciled by filing your 2020 tax return.

ARPA:

THIRD EIP - \$1400 for taxpayer(s) and each dependent on return including qualifying relatives. EIP #3 was paid out in March-May 2021 AND will be reconciled on your 2021 income tax returns. EIP #3 AGI phase-outs

Married Filing Separately(MFS) or Single	\$ 75,000-\$ 80,000
Head of Household (HOH)	\$112,500-\$120,000
Married Filing Jointly	\$150,000-\$160,000

PANDEMIC PANDAMONIUM PAYMENTS (continued)

**CHILD TAX CREDIT (CTC)
2021 ONLY**

ARPA: Increases every aspect of the CTC. The increased new CTC amounts are:
\$3600 for children 0 thru 5 years old
\$3000 for children 6 thru 17 years old

The limit on the “refundable” amount of \$1400 has been lifted for tax year 2021.

The increased AGI phase-outs are very very complex and split by old law and new law into 3 tiers. Suffice it to say you may get (MFJ) some child tax credit for 2021 even if your AGI approached \$440,000.

Created a new ADVANCED child tax credit based on your 2020 income tax return, if that was not available the IRS used the 2019 income tax information. On July 1, 2021 and every first of the month for six months, one-half of your expected CTC was prepaid to you in up to six installments. Through the IRS website you may have (or tried) to “opt out” of these advanced CTC payments. If you received an advance child tax credit payment, **IT IS CRITICAL THAT YOU KEEP TRACK OF THOSE PAYMENTS!** The very same Genius’s that created this nightmare are suppose to send you a letter showing your prepayments. If you are the 50 or 60 percent of parents who get these advance payment letters, please verify that the amounts are correct. If you don’t get a letter from the government, track down all of your payments and let us know that amount at tax time. The failure to do this will probably mean that you’ll receive an IRS letter. At this point if you have questions call the IRS at 1-800-829-1040.

Also be aware that these payments may have come in the form of a check or may have been directly deposited into your account. The government took the “default” position of issuing these advance payments starting on July 1, 2021. I advised clients to “opt out” and some tried and failed. If you received payments make sure you verify up to six (6) payments and the amounts. If you are a high income earner the phase out will be so complicated you probably won’t be able to calculate it. Please keep track of any and all government payments that you received in 2021.

**CHILD AND DEPENDENT CARE CREDIT
2021 ONLY**

ARPA: Dramatically increases the amount of child daycare credit taxpayers receive, AND if the taxpayer(s) principal abode is in the USA then any excess credit (beyond income tax liability) will be refunded to the taxpayer.

The old \$3000 of daycare expenses for one qualifying person and \$6000 of daycare for two or more qualifying people ARE now \$8000 and \$16,000 respectfully.

The new credit ranges anywhere from 20% to 50% (compared to the previous 20% to 35%). This means the old credit(s) of \$600 to \$1200 is now, because of making the credit refundable, up to \$4000 to \$8000.

The range of 20% to 50% credit is subject to a complex two tiered phase-out formula. Suffice it to say, that any child care credit will be totally wiped out when taxpayers AGI is \$438,000.

So, as you can see, it is very important in 2021 to get your daycare providers information (i.e. name, address and tax ID number) so that you can qualify for these expanded credits. In the past when daycare exceeded \$3000 or \$6000, which it almost always did, we weren't too concerned about hunting down any extra payments. Now that the new \$8000 and \$16,000 thresholds are more accurate daycare expenditures, you really need to track down and keep documents on your daycare provider's information and amounts paid to them. It is uncertain whether this large increase will be a permanent fix to the old outdated daycare amounts. It is also not yet clear whether they will increase the existing \$5000 cafeteria plan for daycare. This section 125 plan use was a better deduction however with these new 2021 temporary increases it will cease to be as advantageous as the old rules.

Children are gifts from God. They are also going to be the ones who inherit this country's financial state at the end of the next generation. Let us pray for them and maybe set aside some of this pandemic money for them, if possible.

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 Head of Household (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" (i.e. 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 and was passed and signed by President Trump. Lets pray it works.