

The Rudolph Report

www.rudolphcpa.com Winter meetings 2020

To all our clients:

Due to Covid-19, we have instituted changes which may impact how we file your taxes:

We have eliminated appointments.

We prefer to receive documents electronically. However, we realize that is not feasible for everybody. If you need to provide us the hard copies, then you have three choices:

1. Mail your documents.
 2. Walk in with a mask (and other clothing).
 3. Drop them through the hallway door slot.
- 3 ½ Call from the parking lot for a pickup.

For those who drop off hard copies, we ask that you schedule a time to later pick up your documents. This helps us stagger incoming clients in the office. We also had to eliminate the candy dish (Yes, Christmas is ruined). The heightened risk—and lack of JooJoo Beans—make electronic submission preferable.

Thanks for helping us keep everybody safe. We'd like everybody to be around for spring training and to watch the Cubs win another World Series... 108 years later.

In this newsletter, you'll learn a few tax changes in 2020 that may impact you. The CARES Act wasn't quite finalized when the first newsletter was issued this year. You may save a few more bucks to buy your husband's favorite stocking stuffers like Charmkins.

Happy Festivus.

Chris Rudolph CPA

It's Never too Late to CARES

Did you take your required minimum distribution from your IRA or 401 (k)? Well, oopsie doopsie. The 2020 CARES Act eliminated the requirement. You could have returned the distribution back into your account by August 31. Otherwise, you can still return the distribution back into the account during the next three years if you deem the distribution as Covid-related.

That's not all...

If you're not retired, you can withdraw up to \$100,000 money from your IRA or 401(k) penalty free. Your spouse can do the same (see, it pays to get married). The presumption, again, is that the distribution is Covid-related (If you, your spouse, or children had Covid or you were financially hurt by Covid from a layoff, lost day care, closed business, quarantine, or Cubs' bets).

But wait, there's more

Covid related distributions are taxable (though not subject to a penalty). You can either declare all of the distribution as taxable income in 2020 or spread the income out ratably over the next three years. (note: ratably does not involve actual rats).

We will throw in the Ginsu Knife if you call now

If you think that your retirement plan distributions are Covid-related--and you want to explore your options-- then call our office. We'll charge you four equal installments of zero. The number again is O.

Rudolph CPA

1870 W. Winchester Rd Suite 113 Libertyville, IL 60048
(847) 362-1050 email: info@rudolphcpa.com (847) 362-1380 fax

The Rudolph Report

www.rudolphcpa.com Winter meetings 2020

Economic Stimulus Payments

Remember, these are not taxable. We do need to know how much your payment was when we file your taxes. If you received less than the maximum, there is recourse to receive the difference on your 2020 return.

Adiós 1099 - Misc

If you are a subcontractor, then you will no longer receive a form 1099-Misc from your contractor. It has been replaced with form 1099-NEC (non-employee compensation) or (newt-eating CabbagePatchDoll).

PPP Loans

Saying "Pee Pee" is still funny to those of us who never left junior high. Long-term debt is not funny, however. If your small business took out a PPP loan, you can apply for full or partial forgiveness. Please call our office if you need guidance on this.

Kiddie Tax Changes

For 2018 and 2019 children's unearned income was taxed at trust rates. That has been repealed. Kids' income is now taxed at the tax rates in place before 2018.

IRA contributions for working seniors

Any individual, even Mets fans, can contribute into traditional IRAs presuming there is compensation. Previously, these were disallowed for those over age 70.

Charitable Contributions are back.. sorta

If you take a standard deduction, you can deduct charitable contributions of \$300 (\$600 if married) (\$602 if married happily).

The 60% limit of AGI is gone. You can give it all away--if only you could find a charity willing to accept *all* of your money.

These Provisions Expire on December 31st

Debt Forgiveness

Discharge of debt from your personal residence is not taxable through 2020. If you lose your personal residence through a short sale, foreclosure etc, and the debt is discharged, then it is not taxable. Next year, Congress plans on taxing you for it. grrrrr.

PMI

PMI. Private mortgage insurance is deductible for 2020 but not afterward. If you think your home value has increased to the point where you are not required to pay PMI, then contact your lender for an updated real estate appraisal. Then blow the savings on a fancy dinner at Denny's.

Tuition Deduction

Tuition and fees for higher education are deductible for a short while longer. Keep in mind that you can still receive the American Opportunity and Lifetime Learning tax credits beyond 2020, presuming your child does not get a full ride to play football for the Irish.

The Designated Hitter in the National League

Evil people got together in the spring to allow it in the National League for two years. Just wishin' it would go away this year along with Jumbo Trons and raisins.

Medical Deductions

Medical expense deductions are subject to a 7.5% AGI test in 2020. Next year, they will be subjected to a 10% AGI test. This only gives your husband a short while longer to buy those sparkly hair extensions.

Rudolph CPA

1870 W. Winchester Rd Suite 113 Libertyville, IL 60048
(847) 362-1050 email: info@rudolphcpa.com (847) 362-1380 fax