



## HP Retiree's Meeting

January 21, 2021

### **"Talking Tax 2.0"**

By Lori Klein, CPA/PFS, CFP, MS, CFS

#### Consolidated Appropriations Act, 2021 ("the Act")

- Stimulus Checks Round 2
  - 7.5% AGI for deducting medical expenses on Schedule A
  - No deduction for college tuition after 2020, but expanded AOTC-LLC
- Exclusion for debt forgiveness on home is lowered to \$750,000 from \$2,000,000
  - Credit for employees that provide family & medical leave to workers
- Exclusion for workers wages up to \$5,250 of college debt paid by employers
  - Deduction for mortgage insurance limited premiums
    - Credit for windows & doors
    - Limit on cash gifts to charity increased
  - Nonitemizers - \$300 charitable cash contributions
    - PPP loan forgiveness
- Employee retention credit due to COVID-19 \$5,000 to \$7,000 per employee
- Deferred payroll taxes through 12-31-2021 (no deferral on employee's money)
  - 100% meals deduction in 2021 & 2022
- 10% penalty waved pre-age 59 ½ payouts from retirement, \$100,000 3 years tax
  - Qualified disaster withdrawals from retirement -No 10% penalty
- Earned income credit & child credit can use 2019 income - if helps secure the credit
  - FSA = 12 months more to use unused funds
  - Extra unemployment benefits \$300 a week for 11 weeks

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## Hot Topics for Audit Risk

- Virtual currency
  - Pot business
- Short-term rentals
- Big schedule C losses

## Hodge Podge

- Estate Tax Limit \$11,700,000 for 2021
  - Gifts \$15,000
  - RDM age is 72
- Mileage rate 56¢ a mile 2021
  - Deductible Long-term Care premiums - \$5640 per person for 2021 (age 71), \$4520 (age 61-70), \$1690 (age 51-60), \$850 (age 41-50), \$450 (age 40 & younger)
- Charitable deductions - 14¢ per mile plus parking & tolls, stamps, bake-sale, etc.
  - 1099-NEC replaced 1099-MISC for payments over \$600
- RMD tables & beyond have changed beginning 2022 to reflect age 72 beginning date
  - Watch out for scams

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