

LARRYS INCOME TAX & BOOKKEEPING SERVICE INC
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JANUARY 13, 2021

Dear Client,

We wish each of you a prosperous and Happy New Year! We know that you have many choices in where to go for tax preparation and we feel honored to be your choice. The IRS has notified us that we can begin E-file transmission of completed tax returns on Wednesday, January 27. We can still prepare your return as early as January 15 if you have all of your information. However, the IRS will not begin processing it until the 27th. Please be aware that for the sixth year in a row, all refunds involving earned income or childcare tax credit will be delayed by the IRS until after Wednesday, February 17th. Please call for an appointment.

Now let us discuss some important items regarding our services this year. We ask that you please read them thoroughly to ensure you have the best experience this upcoming tax season:

- **Please note that because of the Corona virus situation, everyone coming to the office will need to wear a mask. You will have to drop your information off and have a seat in our front waiting area or in your car while we prepare your return. We will call you on your cell phone if we have questions as we prepare the return.** During tax season (January 15 until April 15), we will be available 6 days a week from 9 to 7 Mon- Fri and from 9 to 4 on Saturdays. We ask that you make an appointment so that we know you are coming and can book that time for you.
- **You may drop off your tax information to us.** If you feel you do not need an appointment ("same as last year," "not too complicated," etc.), drop off your tax information in a large envelope, with your phone numbers written clearly. We will call you within two weeks to discuss it while we are working on it. Don't forget to give us Form 1095-A or 1095-B for health insurance.
- **Carlos, Michelle and Mr. Larry will be available for "walk-ins" and appointments.** Carlos and Michelle are fully qualified to prepare taxes, as they are both college graduates, as well as licensed preparers with extensive continuing tax education, so consider using them as your preparer.
- **Effective in March and April, any client who schedules an appointment with Mr. Larry will see a small surcharge added to their bill since his billing rate is higher in that peak time.** Check out our facebook page and website for tax tips and promotions.
- **There will absolutely be no discounts under any circumstances.** Please do not ask for one. Our prices are very reasonable for the quality service that you are given. We have a customer referral program available on our website (www.larrysincometax.com). Periodically, we also run promotions on facebook, so please visit our page and give us a like.
- **We will not give a second appointment to anyone who fails to show up without giving us a 24 hour prior notice for rescheduling.** There will be a \$25 "no-show" fee added to their bill. In that case, they can either be seen as a "walk-in", without an appointment, by Carlos or Michelle, or drop off their tax information. During tax season, appointments are scarce and are given at a premium. Missing an appointment represents lost income to us and a lost opportunity for clients who may have wanted that time slot.
- **Please arrive early for your appointment or you may lose the time slot to a "walk in".** If you arrive late for your appointment (>5 min), we may already be seeing the next available customer. However, if there is still time left on your slot, we will see you for the remainder of that time. Once time runs out, you will have to leave your information with us, and we will call you when it is done. It is simply unfair to allow late appointments to delay those clients who are on time.
- **Clients who come for appointments should not bring friends/family members who also want to be seen with you unless you have made an additional appointment for them.** While we love your efforts to spread the word about us, remember that your tax appointment is for your return to be prepared, not for additional returns to be done during your appointment. Please schedule multiple appointments for your friends/family. As for your child's tax info, we may ask you to leave it with us and pick it up at a later time. Please do not ask us about other peoples' taxes. Your appointment is to prepare your taxes. Tell them to make an appointment with us if they want their taxes done by us. Our aim is to stay on schedule.

For those of you who may qualify for the Earned Income Tax Credit, please **bring the child's birth certificate and social security card as well as your current picture ID. Please do so even if you have brought it in the past as we have changed software programs and need it each year for copying into the new software.** Also, be aware that the IRS is stepping up their efforts to challenge claims to the Earned Income Tax Credit. **Please bring us proof that the child actually lived with you in your house for more than half the year.** This includes things such as a doctor or dental bill with the child's name on it listing visits and having your address on it, or a letter from school showing the child's address of record for the school year as your address. Keep these items for three years. Children ages 18-24 must have been in college or vocational technical school, and lived in your house, for greater than half of the year. If they were boarding at college, a letter or report from the school showing your address as their address of record is fine. Furthermore, you must be able to obtain rent receipts or utility bills with your name on them showing that you have provided housing for the children, if the IRS asks for such documentation.

The IRS is also challenging many educational credits. The school must provide you or the student Form 1098-T reporting how much tuition was paid for the year. Most colleges now provide it on the students college web site portal. Please bring us the form. This form does not include the amounts spent for out of pocket books and supplies. To claim an education credit, you must keep copies of the cancelled checks and/or receipts from the college or vocational school for paid tuition and books. If you or your dependent child have borrowed money for school on a student loan, that counts towards the paid tuition. **It is usually best for you to claim the child and the education credit.** You are permitted to do this even if the child paid for the tuition and books, per IRS rules. The reason is that the IRS could give the child a possible credit on the educational credits against any taxes owed on wages they may have earned, but they will not get any refundable credit, which could be up to \$1,000 more if they are under 25 years of age. If the child worked part-time, they can still file a return (just not claiming the tuition credit) to obtain any possible refund of withheld federal and/or state taxes. **Warning:** For some reason, kids often file taxes without telling you, so warn them that you claim them along with the education credit on your return.

You are no longer required to have health insurance and there is no penalty if you don't, but many of you still have the Marketplace insurance. You may have received some tax credits up front from the payments sent to the insurance company. You are not required to take this credit in advance as a reduction in your insurance premiums. If you did not take the reduction in insurance premiums, then you may be eligible to receive credit on this year's tax return. The credit you may have been awarded was anywhere from \$600 to \$2,500 or more for the year as a reduction in your insurance premium. You could have received this "Premium Credit" if your income was anywhere from 100% up to 400% of the 2019 federal poverty guideline for your household size. If you underestimated your income for 2019 when applying for the exchange based Marketplace health insurance, you may need to repay some of the credit because you would have gotten too much credit. It will be deducted from refunds assuming you have a refund. Otherwise, you would owe the difference. Please tell us if you had the Marketplace insurance.

Form 1095-A, Health Insurance Marketplace Statement will be sent to those who have this type of health insurance. It is used by the insurance company to furnish a written statement to those who enrolled in this insurance plan. **We will need Form 1095-A to complete your income taxes if you had the Marketplace health insurance. The IRS will know if you received the form so do not forget to give us the form or it will delay your tax refund. If you do not have the 1095-A form, you will have to call 1-800-318-2596 to talk to the Marketplace insurance representative and obtain the form prior to seeing us. We will not call them for you.**

The federal poverty amounts for 2020 were \$12,760 for a family of 1, \$17,240 for 2, \$21,720 for 3, \$26,200 for 4, and an additional \$4,480 per person over 4 in the household. These amounts were only considered to determine premium credit payment for the market-place insurance.

Some of the significant changes on Corona virus legislation that are effective for 2020 tax returns are:

1. Non-itemizers can deduct cash contributions in 2020 up to \$300.
2. Alimony is not deductible for divorces after 12/31/18, nor is it considered as income by the recipient after this date. It is still deductible for divorces prior to this date and considered as income.

3. The age cap on contributing to a traditional IRA has been repealed.
4. Retirement distributions are not subject to the 10% early distribution penalty if due to Corona virus or financial hardship for those younger than 59 and 1/2. You can elect to pay the income tax on the withdrawal over 3 years.
5. There is a waiver on the minimum required retirement distributions for 2020.
6. While the stimulus payment you may have received is non-taxable to you, we will need to know exactly how much you received in 2020 if any. We need this information to calculate a new economic impact recovery rebate credit that you may be entitled to receive on your tax return.
7. For those of you who had businesses that received a Payroll Protection Program loan that may have been forgiven by the bank, the loan is not income to you. You still may deduct the expenses paid such as payroll, rent, or utilities in full. Please do not count the PPP amount you received as income when you let us know what your business income and expenses were for 2020.

Please call us to schedule your appointment as soon as you have received all required information necessary to prepare your tax return. We are also enclosing "INFORMATION TO BRING TO YOUR TAX APPOINTMENT INTERVIEW". If you have any questions regarding this letter, please call us and we will try to return your call as soon as possible to allow you sufficient time to get your information ready prior to your appointment. If you leave a message, be sure to leave your complete name and number.

Please be aware that we are currently concerned with preparing your 2020 tax returns. If you have questions regarding the tax laws that take effect in 2021 or on tax planning, we will be available and will charge for consultation appointments after April 15th. **The space of this letter does not permit the listing of all the tax law changes for 2020.** The tax law changes are some of the largest ever made, and are anything but simple. **The primary changes for 2020 are available in a file on our website, larrysincometax.com under Files, Tax Newsletters.** Please note that the changes made for 2018 and 2019 still apply for 2020. If you read this summary file, you can see that the changes surely did not simplify the tax preparation except for clients who have no dependents and one or two W-2's with no other income. Also, on this website, we have a file titled "Basis Determination" defining what basis is and how to calculate it. You need to keep track of your basis on any investments whether you are investing or own any part of a business. Please check out the files on our website.

Also, many people are still forgetting to bring their homeowner declaration paper in to receive 25% of the Louisiana citizens tax credit. It needs to have been paid in 2020 to get credit, not 2019 or 2021. If you don't have it call your insurance agent to get a copy. They can fax it to you or us, at 504-443-3558. Please have it when you come to your appointment. Don't ask us to call your agent when you are at the tax appointment.

As always, we thank you for your continued patronage, loyalty, and referrals. We have enclosed several business cards in this letter for you to distribute to friends or relatives who may be in need of professional tax preparation services. Finally, please leave a review in any of our social media - google, facebook, yelp, etc, - and help us spread the word about our services.

Sincerely,

Larry R. Jaubert

Larry R. Jaubert, EA, MBA, MSAT
Enrolled Agent

Carlos H. Jaubert

Carlos H. Jaubert, EA
Enrolled Agent

Michelle E. Jaubert

Michelle E. Jaubert, AFSP
Licensed Tax Preparer

INFORMATION TO BRING TO YOUR TAX APPOINTMENT INTERVIEW:

1. Wage and/ or Pension, Social Security, or Unemployment statement — your W-2s or 1099 forms, state tax refund or other income or loss end of year statements, Gambling Income and losses (W-2 Gs) (if you won, obtain loss statements from the casinos).
2. Interest, Dividend or Investment Income end of year total earnings statements — 1099s or K-1s from bank or investment firm. If you sold stocks or investments during the year, we need to know when you originally bought the investment and what you originally paid for it, if you reinvested earnings, as well as date of sale and amount you sold the investment for. The IRS will send notices of balance due as a result of neglecting to report this information without giving you credit for what you originally paid.
3. Self-employment income and expenses (please total the expenses by category types, as we charge bookkeeping fees if we need to do this), business mileage logs or totals. If office in home, we need to know the total electric, gas and insurance for year. Also, the square footage of office area and entire living area of house, as well as purchase price of house, major improvement costs, plus any repairs or maintenance for year on house.
4. Rental Income and expenses (total your receipts by types of expenses, mortgage interest, insurance, repairs, utilities, etc.).
5. **Alimony paid or received during the year for divorces prior to 2019**, include the name and social security number of recipient.
6. Purchase or sale of residential house, rental, investment, or business property. Please bring the HUD statements.
7. Medical expenses totaled by type of expenses paid by you out of pocket: Doctors, Hospitals, Clinics, Eye care, Dental, Medical Insurance (not pretax), Mileages for medical care.
8. Property tax paid. State withholdings we can obtain from your W-2. Estimated state tax paid for 2020. 2019 state tax paid.
9. Charitable donations, check donations and non-cash donations such as value of clothes to Goodwill, Salvation Army, etc. Mileage for charitable purposes. You must keep receipts for your records (cancelled checks or donation letters). Undocumented donations are not deductible.
10. College and vocational education expense for tuition and fees and supplies, student loan interest for Federal return Children's Private tuition, uniforms, books and supplies are deductible (grades 1 thru 12) for Louisiana state.
11. Mortgage Interest (1st, 2nd, Home improvement, or points paid). Mortgage insurance premium, Investment interest.
12. **Work expenses and other miscellaneous deductions are not deductible in 2019 except for the self employed or owners of an LLC, Partnership, or Corporation.** Some of these expenses would be Professional Dues, required work supplies, work tools, and required use of vehicle (calling on clients or for other business trips). You may give us mileage information totals as to total business miles, commuting miles, personal miles used or an actual completed log. You must keep a completed log for at least 3 years to prove it. us. If claiming actual expense, we need to know whether you are buying or leasing, purchase date and price as well as yearly totals for gas, repairs, maintenance, insurance and loan interest. We still need the mileage information. Also, did you receive any reimbursements from the customer that you are not including in income? For business meal deductions, you must have receipts that have 5 items recorded on front or back of receipt. These are the date of meal, place of meal, whom meal was with, purpose of meal, and amount spent on meal. No more deductions are allowed for entertainment.
13. Child care expenses paid to day care providers including the provider name, telephone number, address, and tax ID number.
14. Copy of your homeowners Declaration insurance page paid for in 2020 (not 2018 or 2019) for the Hazard Insurance because Louisiana is still giving a 25% credit for the Fair Plan Citizens Surcharge tax payment.
15. Social Security Card and Picture ID or Driver's License, if claiming EITC and/or Bank Products. Also Social Security Card and Birth Certificate as well as PROOF the child lived with you in 2020. IRS REQUIRES THIS.
16. Any other information in regards to income that you earned or expenses that you believe to be deductible. Please ask us about it or show us the information during your tax appointment. It is better to ask now than to get a letter from IRS in 1-2 years.

You must save all of your receipts, cancelled checks, credit card statements, and other proof of deductions you claim for a minimum of three years. Vehicle mileage logs should be completed during the year to prove the business mileage and usage of the vehicle for which vehicle expenses are claimed. PLEASE MAKE YOUR TAX APPOINTMENT EARLY.

Call us or pass by, prior to your appointment, if you would like a free organizer to help put your information together. Please go to our website, at larrysincometax.com under Files, Tax Newsletters. These same rules are in effect for 2018, 2019 and 2020. Also refer to the 7 changes that were passed by the Corona Virus legislation. They are described on page 2 and 3 of this letter.