

SUNDAY, January 10, 2021

Upcoming tax season may get bumpy

File returns early and electronically

By Michelle Singletary
WASHINGTON POST

The surging pandemic. Confusion over who gets a stimulus payment. An overwhelmed IRS workforce still trying to catch up with last year's delayed tax season.

This is not the year to procrastinate. File your federal tax return early – and electronically.

"More than ever, this is a great year to switch to filing electronically and choosing direct deposit," IRS spokesman Eric Smith said. "About half of paper filers actually prepare their return with tax software. If you're one of them, why not take the next step and e-file, rather than mailing your return to the IRS? It's fast, and secure, and there are fewer mistakes, too."

The tax season can be frustrating under normal circumstances, especially if you're trying to reach an IRS representative on the phone. But this year may prove to be an extreme exercise in patience. We are going into an unprecedented tax season with a bevy of changes as a result of the novel coronavirus.

Last month, the IRS said COVID-19 "continues to cause delays in some of our services." This includes processing paper returns, answering mail and calls from taxpayers, and reviewing electronic returns, the agency said.

"I would use the word 'bumpy' as an adjective to describe the 2021 tax season," said Eric Bronnenkant, head of tax at online financial adviser Betterment.

The IRS will be dealing with people who are desperate to get stimulus relief that was authorized in March and again at the end of December: up to \$1,200 for individuals (\$2,400 for couples filing jointly) in the first round of relief, and half that much in the second. There's additional money for a qualifying child under 17 (\$500 for the first stimulus package and \$600 in the second).

Because the stimulus payments were based on people's 2018 or 2019 returns, if they've lost a job or their income dropped significantly in 2020, they may be able to claim the COVID-related "Recovery Rebate Credit" on the 1040 form for 2020, Bronnenkant said.

With a Democratic-controlled House and Senate and President-elect Joe Biden in the White House, there's a greater possibility that another stimulus package will be passed, with a third economic impact payment going to individuals struggling from the financial fallout of COVID-19.

Some people who got a direct deposit for their first stimulus payments may be confused if their funds aren't sent to their bank account this time around.

"I spent close to four hours, most of it on hold, trying to sort this out with the IRS," a reader wrote. "Today I got the name, routing, and account number for the bank it went to called MetaBank."

This has happened before. In the first wave of COVID relief, many people didn't realize that the IRS was issuing stimulus payments on a prepaid debit card issued by MetaBank, the Treasury's financial agent. This time around, the Treasury and IRS said they were mailing about 8 million economic impact payments loaded on prepaid debit cards.

There have also been some changes since the earlier Coronavirus Aid, Relief, and Economic Security (CARES) Act. The first time, couples who filed jointly were generally ineligible for a stimulus payment if only one of the spouses had a Social Security number – unless they were members of the military. But the most recent stimulus measure reversed that decision, and now these couples can claim the rebate credit on their 2020 return.

Meanwhile, I've also heard from many readers who are still awaiting their regular 2019 tax refunds.

"My husband and I filed our taxes last March, electronically through our local credit union," said Nicole Juarez from Greenville, North Carolina. "To this day, we still have not received our refund of \$1,091."

Because their 2019 return hasn't been processed, the Juarez family didn't get the second stimulus payment, which would bring them another \$1,800. "It's very frustrating," Juarez said.

I'm also concerned that many people who received unemployment benefits for the first time in 2020 don't realize the money is taxable by the federal government (and by most states).

This includes the enhanced unemployment

See SINGLETARY, 6

AREA EMPLOYMENT

Economists: Full job rebound possible in '21

Regaining lost jobs will require stimulus, successful vaccines

By Linn Parish
JOURNAL OF BUSINESS

If a few positive steps are taken in 2021, the Inland Northwest could regain all of the jobs it lost in 2020, Spokane-area economists say.

Such a recovery might not be V-shaped, but it would be a dramatic comeback, as Avista chief economist Grant Forsyth estimates the combined Spokane County-Kootenai County market has about 15,000 fewer jobs now than it had before the start of the COVID-19 pandemic. That equates to a 5% loss in total employment, Forsyth said.

During the lowest point last year, total employment had fallen by 10%, which suggests the Inland Northwest job market already has recovered roughly half of those losses.

However, Forsyth said, much of the jobs comeback occurred midyear, and that recovery essentially has flatlined

since then.

Looking ahead to the new year, he foresees three scenarios that likely will dictate the degree to which the job market comes back. If COVID-19 vaccines are distributed widely and a federal stimulus package is approved, Forsyth is predicting a 60% chance of a full employment recovery. If either vaccines are distributed or a stimulus package gets through Congress, he forecasts 2% to 3% job growth. If neither happens, he expects no better than 2% growth, with a possibility of the market remaining flat.

"To really get back to where we were at the beginning of 2020, we need to see the dual effect of a vaccine and a stimulus," Forsyth says. "I'm getting a bit more optimistic that we're seeing the case where we get both."

Doug Tweedy, the Spokane-based regional labor economist with the Washington state Employment Security De-

partment, said he's optimistic about a recovery in the job market this year because some of Spokane's largest employment sectors are what he calls "resistant to the pandemic."

"It's still going to be a challenge to get back to where we were, but Spokane is positioned well because of transportation, warehousing, health services and education," Tweedy says. "That gives us an advantage over other urban areas."

Predictably, much of job losses that are to be recuperated involve retail, hospitality and service sectors that require in-person contact.

In the stronger industries, many of the pre-pandemic issues that affected the labor market, such as an aging workforce, still persist.

"It sounds counterintuitive," Tweedy said, "but we're actually running into labor shortages in the essential businesses."



Street-level vacancies have grown in downtown Spokane since the onset of the pandemic, but some of that space is expected to be absorbed.

Real estate gains expected in much of Inland Northwest

Industrial development, single-family home sales are top performers in '20

By Natasha Nellis
JOURNAL OF BUSINESS

Real estate in Spokane stayed surprisingly strong in most sectors through the pandemic, say industry observers here, with home sales and commercial real estate investment, particularly in industrial space, seeing strong growth.

Rob Higgins, executive officer of the Spokane Association of Realtors, said 2020 homes sales were up 1.3% through November compared with the first 11 months of 2019.

Comparatively, sales were down 6.1% through November 2019 compared with the first 11 months of 2018.

"2020 turned out better than expected," said Higgins. "This is reportedly the worst part of the pandemic, these winter months, but I think 11 months tells us we ended up having a better year than expected."

Through November, 7,387 single family homes and condominiums were sold, up from 7,295 in the year-earlier period.

The median sales price was

\$309,500, up 15.3% compared with a year ago. That marks the third straight year median sales prices have seen double-digit increases, said Higgins. In 2018, median sales prices were up 11.9%, in 2019 they were up 10.6%.

"I don't know how long we can sustain that," he said. Sales prices are being driven up by several factors, including a rapidly shrinking supply of homes for sale – inventory is down 55.7% from a year ago – and historically low interest rates, he noted.

Dallas Becker, owner of Windermera Spokane-North, concurred, adding residential sales will likely be challenged in 2021, with fewer homes coming on the market.

"We've absorbed what little inventory slack existed," he said. "There's no more slack to give."

He added that, like Higgins, he expects to continue to see strong price appreciation, though he noted it's likely the growth rate will drop back into the single digits, at between 8% and 9%.

Jeff Johnson, president of Black Commercial Inc., said industri-

al real estate is expected to be the "shining star of 2021," with a few million square feet of industrial space expected to come online next year. The bulk of the demand for that space is coming from e-commerce companies, he said.

Multifamily and medical office space also are expected to perform well, while demand for regular office is expected to remain flat or decrease modestly in the next year as companies look to downsize.

"The majority of these companies have a lease in place, so it's not going to be all at once," Johnson said. "Downsizing takes place over time."

Restaurants, small retail and fitness centers saw the biggest struggle in 2020, he noted. Restaurants are expected to rebound, with several new restaurateurs considering the Spokane market for new locations, he said.

Small retail, as well as big-box stores, will continue its transition away from traditional brick-and-mortar locations, Johnson predicted.

"There's a little bit of a hurdle to get over in the next 60 to 90 days. 2021 is about getting past COVID and preparing for 2022," he said.

Gains will be dependent on state restrictions, he noted, as well as vaccine rollouts.

"There's a little bit of a hurdle to get over in the next 60 to 90 days.

2021 is about getting past COVID and preparing for 2022."

Jeff Johnson

President of Black Commercial Inc.

SUBSCRIBE TODAY!



Like what you see?

Use coupon code "SRreader" to save up to 20% off.
www.spokanejournal.com/subscriptions or
call (509) 344-1280 for a subscription.

JOURNAL
OF BUSINESS

Serving Spokane
& Kootenai Counties
For comprehensive local business coverage, subscribe to the Inland Northwest's premier source.