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Storen Financial Group

317.852.7000 |
Storen@StorenFinancial.com
www.storenfinancial.com

Oh What a
Relief It Is.....

Kimberly Storen, EA

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Proud to be a part of Boone County



Kimberly Storen, EA

Please ask questions as we go along
or email me questions at

kim@storenfinancial.com

Consolidated Appropriations Act of 2021

5,593 pages long with \$900 billion in COVID-19 relief aid
and
\$1.4 trillion in annual appropriations

The bill is massive so I am going to just touch on several
pieces

The CAA **does not contain:**

- Direct assistance for state and local governments
- Business liability protection
- Student loan deferral
 - Set to expire end of January 2021

RMDs on IRAs

The new law also does not extend the waiver of required minimum distributions (RMDs) into 2021. So, for 2021, **RMDs will once again be due**. There is no need to “make up” the 2020 RMD that was waived. Simply proceed into 2021 as if the 2020 waiver never happened. Calculate your 2021 RMD using your 12/31/2020 balance like any normal year.

INDIVIDUAL PROVISIONS

Additional 2020 Recovery Rebates “Stimulus”

Direct economic relief via stimulus checks of:

\$600 for individuals making up to \$75,000 per year

\$600 for Head of Household making up to \$112,500

\$1,200 for couples making up to \$150,000

An extra \$600 for dependent children that are under 17 years old.

Additional 2020 Recovery Rebates

- The term "eligible individual" does not include any nonresident alien, anyone who qualifies as another person's dependent, and estates or trusts. It does include incarcerated individuals.
 - The credit is available on the taxpayer's 2020 return.
 - Based on information on 2019 tax returns.
- Eligible taxpayers treated as providing returns through the nonfiler portal in with respect to their EIP, will also receive payments.

Go to [IRS.gov/Get My Payment](https://www.irs.gov/GetMyPayment)

Additional 2020 Recovery Rebates

- **NOT** required to repay any amount of the payment
- If the amount of the credit determined on the taxpayer's 2020 tax return exceeds the amount of the advance payment, taxpayers will receive the difference as a refundable tax credit.
 - Not subject to offsets or back taxes

<https://www.kiplinger.com/kiplinger-tools/taxes/second-stimulus-check-calculator/index.php>

#1 Question:

Can my college age student file a return for themselves and get the \$600?

They must provide at least 50% of their own support

#2 Question:

We had a baby in 2020 and did not get \$600 for them. Are we eligible?

Yes

#3 Question:

My spouse passed away in 2019. Will I get \$600 for them?

No credit for individuals that die before January 1, 2020

#4 Question:

Divorced Families

Oh my.

Unemployment Benefits

Extends the Federal Pandemic unemployment Compensation (FPUC) program through March 14, 2021, providing \$300 (originally \$600) per week for all workers receiving unemployment benefits.

Increases # of weeks you can claim unemployment from 34 to 50

Charitable Contributions

- Extends the above rule through 2021, allowing individual cash contributions of up to \$300, (\$600 for married filers) to be deducted above the-line for cash contributions to qualified charitable organizations.
- Individuals who itemize cannot claim the deduction.

FSA Rule Change

Allows plans to permit health and dependent care flexible spending arrangements (FSAs) to carryover unused benefits up to the full annual amount from 2020 to 2021 and 2021 to 2022;

- Extends eviction moratorium until Jan. 31, 2021.
- Eligible renters will receive the assistance to pay for rent, utility payments, any unpaid rent and/or unpaid utility bills.



Just released stats for 2018

The top 1% income earners in the country paid 40.08% of the tax burden for our government.

You had to earn \$540,009 to be in the Top 1% in the country.

The lower 50% of earners in the country paid a total of 2.94% of the tax burden.

BUSINESS PROVISIONS

Employee Retention Credit for Employers

- The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) creates an employee retention credit to encourage employers to retain their employees throughout the COVID-19 emergency.
- The COVID-19 employee retention credit is a fully refundable payroll tax credit equal to 50% of qualified wages paid by eligible employers from March 13 - December 31, 2020.
- Qualified wages taken into account for any one employee are limited to \$10,000 (including qualified health plan expenses), with a maximum credit of \$5,000 for wages paid to any one employee for the cumulative total of all calendar quarters.

Originally, Not available for businesses
that received PPP money

Employee Retention Credit for Employers

1. Fully or Partially Suspended Operations

An employer's operations are considered partially suspended if the business operations are limited due to a federal, state, or local order, proclamation, or decree that affects the employer's operations, including an order that limits hours of operation.

2. Significant Decline in Gross Receipts

A significant decline in gross receipts begins with the first quarter in 2020 that an employer's gross receipts for a quarter are less than 50% of gross receipts for the same quarter in 2019.

New law says a 20% decline in Gross Receipts for Jan 1st thru June 30th

Employee Retention Credit for Employers

- Beginning on Jan. 1, 2021, and through June 30, 2021, the provision does the following:
 - Increases the credit rate from 50% to 70% of qualified wages.
 - Expands eligibility for the credit by reducing the required year-over-year gross receipts decline from 50% to 20% and provides a safe harbor allowing employers to use prior quarter gross receipts to determine eligibility.
 - Increases the limit on per-employee creditable wages from \$10,000 for the year to \$10,000 for each quarter.
 - Increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.

- **\$7000 Credit per employee per quarter in 2021!!!**

Paycheck Protection Program Loan Forgiveness

Round 1 and 2

- A small business can receive a second PPP loan if they have less than 300 employees and can demonstrate a revenue reduction of 25%.
- Maximum loan amount reduced to \$2 million.
- Available until March 31st or money runs out
- Still not available to businesses opened after 2/15/20
- Borrowers may receive a second loan of up to 2.5 times the average monthly payroll costs in the one year prior to the loan or the calendar year. (3.5 times for hospitality or food services industries)

•SIGNIFICANT CHANGE

- Businesses that received PPP loans would be able to take tax deductions for the expenses covered by forgiven loans.
- Clarification of Tax Treatment of basis and how to report
- EIDL Grants are not taxable income
- SBA loan payments are not taxable income
- Simplified Applications for Loan Forgiveness up to \$150,000
- Now available to 501(c) 6 organizations under 300 employees that receive less than 15% of receipts from lobbying



Meals

100% Deductible for 2021 and 2022

BE CAREFUL!
Combining meals
& entertainment

Important little known new law!

As an employee, you can have your employer pay up to \$5250 of your student loans as non taxable income to you! New law extends this thru 2025.



Now go make money
& pay lots of tax!!

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THANK YOU for joining us!

1120 W. Oak St., Zionsville, IN 46077
P: 317.733.1000

660 Patrick Place, Brownsburg, IN 46112
P: 317.852.7000

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