



Dear Client,

Welcome to the 2021 tax filing season. After a difficult 2020 for all of us, we hope you have found 2021 to be more prosperous and enjoyable.

As the old saying goes, there are 2 certainties in life, death and taxes, and as of today the due date for 2021 Individual Income Tax Returns is April 18, 2022.

For the 2021 filing season, there are minimal changes from 2020. Many items have been adjusted for inflation in 2021 including the standard deduction. The standard deductions for 2021 tax returns are:

- Single & Married Filing Separate = \$12,500.00
- Head of Household = \$18,800.00
- Married Filing Joint = \$25,100.00

For those who claim the standard deduction, there is a new CASH donation allowance not to exceed \$300 for a single return or \$600 for a married joint return.

As was the case with the 2020 tax filings, the stimulus payments received in 2021 that were issued under the American Rescue Plan Act of 2021 will need to be reported on the 2021 tax return. If you did not receive the stimulus, or received less than you should have, you will receive it with the filing of your 2021 tax return.

Earlier this week we received notification from the Internal Revenue Service that we can begin efilting personal tax returns on January 24, 2022. As of right now we have not received notification when the Commonwealth of Massachusetts will open up their system to accept efiled returns, but historically it is a week or two after the IRS begins accepting returns.

Included with this letter is a [checklist](#), which can also be accessed via our [website](#), to ensure we have all or most of your tax information. If you would like us to provide you with a tax organizer, which will provide you with the information you have provided us over the past two years, please email us at info@childsaccounting.com and we will upload an organizer to our portal.

We look forward to speaking with you in the near future. If you have any questions, please do not hesitate to reach out to us at **774-215-0042**, or via email at info@childsaccounting.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Childs", written in a cursive style.

Rick Childs, EA

Tax Year 2021 – Documentation Checklist

- If you would like your refund direct deposited to your checking/savings account, we need the name of your bank, routing number and account number.
- Contact information – Phone number, email address
- Driver's License – If you renewed your drivers' license in 2021 we will need a copy of your updated driver's license.
- Filing status including your date of birth
- Full name, social security number and date of birth of all dependents. We also need a copy of the dependent's social security cards if we do not already have them on file.
- **If your filing status is Head of Household, we need proof that the dependent you are claiming lived with you for at least 6 months at your residence. Proof of residency can be school records, medical records, daycare records or a letter from one of these organizations.**
- **If you qualify for the Earned Income Tax Credit (EITC) please include proof of residency for each dependent. Proof of residency can be school records, medical records, daycare records or a letter from one of these organizations**
- W-2's
- **1099-INT** – Interest received from financial and other institutions
- **1095 A/B/C** – Health Insurance Marketplace Statement
- **1099-Div** - Dividend interest
- **1099-R** - Pension or IRA withdrawal
 - Were these disbursements rolled over? If yes, please provide the date of withdrawal, and the date of deposit to the new account.?
- **1099-G** - State refunds from your 2020 individual tax returns if you itemized deductions on your 2020 federal return. This form is also used to report any unemployment income received during 2021.. Please check online if you have not received the 1099-G in the mail.
- **SSA-1099** - Social security benefits received during 2020
- **W-2G** - Gambling winnings. **Gambling winnings can be offset by losses if you itemize your deductions.** You must have proof of losses such as betting slips, scratch tickets, and statements from gambling facilities.
- **Stimulus Amount received from the IRS in 2021 from the American Rescue Act depending on if you qualified**
- Alimony received 2021 if your divorce was finalized prior to 2019.
- Alimony paid, social security number and name of recipient if your divorce was finalized prior to 2019.
- Sole Proprietorship 2021 – self employed
 - Income from business
 - Expenses for business
 - Vehicle expense for business - **Mileage log is required** - Total miles driven during 2021, and business miles driven, mileage rate for 2021 is .56 cents per mile
 - Estimated federal and state income taxes paid - Date paid and amount paid
- **1099-B** - Capital gains or losses from investments including detail report of all stock and fund trades
 - Crypto trades and swaps will be reported by exchanges on this form as well.
 - All crypto sells or swaps during 2021 must be reported as capital gains transactions.
- Rental real estate
 - Income and expenses

- If you acquired the real estate in 2021 – please provide the HUD-1 or Closing Disclosure from the closing.
- Amount of major repairs, renovations or improvements during 2021. Please be prepared to provide the date and value of each improvement made during 2021.
- **Sale of residence** – You must include date of purchase, cost of purchase, major improvements you made while owning the residence, and the HUD-1 or Closing Disclosure from the closing of the sale of the residence.
- IRA contributions – Amount of contributions for 2021, and the type of IRA account the contribution was made to.
- **Form 1098-T** - Tuition paid to a college or university on behalf of a 2021 dependent. **It is important to have the exact amount you paid in 2021. Please obtain the details of payments from the college or university.**
- **Form 1099-Q** – Distributions from Qualified Tuition Programs (529 Plans). Please provide the information for any funds used from the plan for educational purposes.
- **Form 1098-E** - Student loan interest paid in 2021
- Self-employed health and dental insurance premiums paid in 2021.
- Self-employed retirement contributions to a **SEP or SIMPLE IRA** plans for 2021.
- Amount of residential **RENT** paid in 2021 if you were a Massachusetts resident.
- If you commute using the Mass Transportation System, how much did you pay out of pocket expenses?
- Solar Power SREC Credits - SREC credits sold separately from electricity produced by solar renewable energy. Please supply the amount of SREC credits/amount sold to the energy company in 2021.
- Septic system replacement. We need the total cost, the approval date from the town where you reside, the certificate number of the approval, and the approving authority. This date must be in 2021.
- Childcare Expenses – Name of childcare facility, address, federal ID number, and the amount you paid.
- For those who **DO NOT ITEMIZE** deductions, there is a small cash charitable contribution deduction-please list the cash contributions made in 2021. The maximum amount is \$600.00

THE FOLLOWING CAN BE INCLUDED IF YOU ITEMIZE YOUR DEDUCTIONS USING SCHEDULE A.

- Out of pocket medical expenses paid. The deduction is subject to 7.5% of your adjusted gross income.
Ex: AGI = \$75,000 - medical deduction exists for out-of-pocket expenses that exceed \$5,625.
- Real estate taxes paid, including second homes and vacation homes
- State taxes paid via estimated tax payments made in 2021.
- **Form 1098** - Mortgage interest paid
 - Interest paid on motorhomes and campers qualify for this deduction.
- **Form 1098** - Line of Credit Interest - This Credit can be taken only if you have proof that the funds were used for improvements to your main residence.
- **Form 1098** - Mortgage insurance premiums paid.
- Excise tax paid for automobiles, boats or planes.
- Charitable Contributions
 - Cash - Cash donations require a receipt (cancelled check or documentation from the charitable organization that shows the amount donated)
 - Non-cash - Date of contribution, organization, federal identification number of the organization, description of donation, estimated value along with method of determining the value. All household items must be in good or better condition.

There are many instances where additional types of income, deductions, or credits will affect your individual tax return. This checklist is not intended to be all encompassing, but rather a guideline in helping you gather the necessary documentation. If you have any questions, regarding the tax information required to complete your 2021 tax return, please feel free to call our office at 774.215.0042, or email us at info@chidsaccounting.com.