

## Federal changes for 2020

- Top of the list is, of course, the stimulus check. I MUST know the amounts of each of the stimulus checks you received.
- Earned income credit~ just to make things fun, We now have to look and compare your 2019 income to this years return to see which figure will give the bigger credit. Heavy sigh!
- **BIG BIG change!!!** Texas has filed a lawsuit against Obamacare penalties. This is retroactive to 2017, 18 and 19. This is for those of you who paid a penalty for not having health insurance, or those who got burned when their income jumped and they had to pay back the Marketplace payments. This is pending but to keep your options open for 2017, we will need to file an amended form ASAP as the year closes on 4/15/2021. By filing an amended form we keep the year open to get some money back for you should they win the lawsuit. We will be going thru our files one by one to see if you may qualify. For some of you this would mean thousands of dollars!
- Itemizing will still require you to have over \$12,400 single and \$24,800 Married ( wonder is Biden will turn back time and go back to the deductions and personal exemptions)
- Energy credits are still here. The credits are minimal but its better than nothing. Remember this is cumulative, if you have taken one in the past, in most cases you will not qualify. New furnace over 95% efficient, metal roofs, air conditioner must be 14 SEER or better
- Are you an employee who worked from home this year? Sorry no special credit or write-offs for that.
- Medical stayed at 7.5% for everyone.
- The 20 % QBI credit is still here, it's mostly just for small business. Some rentals can qualify if you have put more than 250 hours of work in it. (just you, no contractors)
- Mileage rates for 2020 were 57.5 and for 2021 they will be 56 cents.
- **New** ~ late filing fee, this has always been there but IRS notified us that they will charging this in the future. If your return is more than 60 days late, they will be automatically assessing an additional \$435 fee. So lets get those papers to me on time !!!!!

## Michigan Changes

- Remember to let me know if you are a disabled Veteran. Small credit on Michigan for this
- The pension subtraction has once again boggled my mind. If you have entered Tier 3. (born between 1/1/1953 thru 1/1/ 1954) then I will need to calculate your possible pension subtraction or social security subtraction or the standard amount for your filing status) Yup, i am just as confused. I will look at each case on an individual basis.
- The cities have decided that even if you worked from home, your main job was in the city limits so you will still pay taxes to the city like you always have.
- Michigan personal exemption is up to \$4,750
- Some of you may not be aware but there is a stillborn credit on Michigan. This is why I like to talk to everyone because this is not something most people would even think about telling their preparer.