



TaxSlayer PRO

Support Connection

The “Normal” Tax Season That Wasn’t

Going into this tax season, most tax professionals probably imagined that this would be the tax filing season that things “returned to normal.” Yet, few among us could have predicted the impact COVID-19 would have on the nation, our economy, taxpayers and specifically our industry.

The first sign that a “normal” tax season would not occur came with the pre-Christmas passage of the Consolidated Appropriations Act. The Act retroactively reinstated numerous tax deductions and credits that had expired in 2017. This late tax code change forced many taxpayers to wait to e-file returns when the Mef system opened and it would take many weeks for the IRS to release updated forms and systems to accommodate the reinstated provisions.

The major impact on tax season started in March as the Coronavirus outbreak progressively impacted the nation. This pandemic closed our schools and businesses. It has caused millions of workers to become unemployed. It has made social distancing, shelter in place and working from home part of our daily lives. Now, many tax professionals have been forced to work from home offices and avoid in person contact with their clients. Also, tax professionals have to deal with the fact that tax season is extended until July 15, 2020.

The TaxSlayer Pro Support mission is to provide you with the best customer service possible even as all of our TaxSlayer employees are currently working remotely and have been since mid-March. We want to provide you with some understanding of the current stimulus bill and how it will affect taxpayers, who receives direct payment and how these payments will affect taxpayers now and when they file their 2020 tax returns. This issue and subsequent issues of *Support Connection* has information that is focused on providing the best tax professionals in the industry, our clients, articles that address the ever changing tax environment that we currently face.

Inside this issue

A “Normal” Tax Season	1
What are 2020 Rebate Recovery Payments	2
Stimulus Check Basics	3
Tax Extender Legislation	3
Medicaid Waiver Payments.....	5
Securing a Home or Remote Office	5
Remote Tax Preparation and Reporting Options	6
Changes to Retirement Plans for 2020	7
2020 Charitable Contributions ...	7
Pro Support Operations.....	8
Contact Information	8

Special points of interest

- IRS Stimulus Check Portals
- RS Nationwide Tax Forums
- *Support Connection* Reader Poll on COVID-19 Impact on TaxSlayer Pro Customers
- Upcoming Important Dates

July 15, 2020

The Treasury Department has extended the filing deadline for the tax returns that were due in March, April or May to July 15, 2020. This extension covers **Forms 706, 709, 1040, 1040NR, 1041, 1065, 1120, 1120S, 5500** and all types of **Form 990**.

Payments for 2019 taxes or 2020 estimates that were due on **April 15 or June 15** are now extended until **July 15, 2020**.

The three year period to claim a refund for tax year 2016 either by filing or amending a **2016 tax return** has also been extended until July 15, 2020.

Additional extensions may be forthcoming from the Treasury Department and taxpayers should always check the IRS website for the latest information.

Understanding the 2020 Recovery Rebates

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act”. This law contains over 600 pages of text and its provisions authorize expenditures of approximately 2.2 trillion dollars to assist in the recovery efforts in response to the COVID-19 pandemic. A major component of this law are direct payments to taxpayers and recipients of Social Security and Railroad Retirement Benefits. The maximum payment is \$1,200 each for the taxpayer and spouse, and an additional \$500 for each qualifying child claimed on the tax return that is eligible for the Child Tax Credit. These payments are only available to U.S. citizens and Resident Aliens with a valid social security number whose adjusted gross income is below certain thresholds based on their filing status.

Under the CARES Act, the Economic Impact Payments being sent to taxpayers are actually advanced payments of a new refundable tax credit for the 2020 tax year. **Technically, the law states that the payments are an advance of a “2020 Recovery Rebate for Individuals”** and the credits are being classified as a refundable credit similar to EITC or the Additional Child Tax Credit to be claimed on the 2020 tax return.

The advance payments are calculated based on information contained in the most recent tax return filed, 2019 or 2018. For some taxpayers, this information will change in 2020. Children are being born and taxpayer’s income will change. In some situations, the taxpayer may become eligible for additional credits, or may lose eligibility. Based on the language in the law, most taxpayers that receive an advance payment during 2020 that is less than the amount they are entitled to claim on the 2020 return, should be able to claim the additional amount on their 2020 return.

At this time **we must wait for additional guidance from the IRS** to determine how advance stimulus payments will be treated on the 2020 tax return in scenarios where the amount a taxpayer received was greater than the amount they were entitled to. The language of the CARES Act states that the “Secretary shall prescribe such regulations or other guidance as may be necessary to carry out the purposes of this section, including any such measures as are deemed appropriate to avoid allowing multiple credits or rebates to a taxpayer.” It is widely viewed that this language would allow the Treasury Secretary or the IRS to develop a process to recover overpayments when the recipient files their 2020 tax return.

Basically, the law gives the Treasury Department great latitude in this area, and what the IRS did in reconciling prior stimulus programs may not be how they will administer the reconciliation of the Economic Impact Payments when the recipient was not entitled to the payment. It is anticipated that the IRS will issue guidance later this year on the extent of reconciliation of the advance payments to the actual allowed recovery rebate.

Stimulus Payment Basic Information

Who is eligible for a recovery rebate advance payment?

In order to be eligible to receive a stimulus payment the recipient must either be a U.S. citizen or a resident alien and their Adjusted Gross Income must be less than certain thresholds. The individual must have a valid social security number and in the case of a resident alien a valid green card. Unless they are married to a member of the military, ITIN holders are not eligible. Non-residents are not eligible for any advance recovery rebates payments or any credit on their 2020 tax return.

Do individuals have to file a tax return to receive an advance payment?

In most cases, advance payments are being sent either by direct deposit or mailed check to eligible individuals that the Treasury Department has sufficient information to calculate the payment. For most recipients the IRS will use the 2019 tax return. If no 2019 return has been filed, the

Stimulus Payments Basic Information

(Continued from page 2)

Treasury Department will use the information from the 2018 tax return. The Treasury Department will also use the information that the Social Security Administration and Railroad Retirement Board have on recipients of a SSA-1099 or RRB-1099 to determine eligibility for an advance payment.

What is the amount that individuals are eligible to receive as an advance recovery rebate payment?

Each eligible taxpayer and their spouse is entitled to receive \$1,200 unless their Adjusted Gross Income on their most recently filed tax return, 2019 or 2018, exceeds the income threshold for their filing status. For married couples filing a joint return the threshold is \$150,000 and each party on the return is deemed to have received \$1,200 of the combined amount of \$2,400. For Head of Household the threshold is \$112,500 and for all other filing statuses it is \$75,000. The advanced payments are to be reduced by \$5 for every \$100 that the AGI exceeds the threshold for their filing status.

What is the advance recovery rebate payment amounts for dependents?

A taxpayer that claimed on their 2019 tax return a dependent, under age 17 that meets all of the requirement for claiming the Child Tax Credit should receive an advance recovery rebate payment of \$500 for each such child.

How will individuals that were considered Other Dependents on a tax return be treated?

Individuals that were claimed as a dependent on another taxpayer's 2019 tax return are not eligible to receive an advance recovery rebate payment. The taxpayer that claimed the individual on their tax return is not eligible to receive any additional recovery rebate payment for the other dependent. Individuals who are able to demonstrate they are no longer eligible (and not just no longer claimed) to be a dependent on another person's tax return should be eligible to claim the credit on their 2020 tax return.

What happens if an individual does not receive an advance recovery rebate payment or received less than expected?

If an individual fails to receive an advance recovery rebate payment during 2020 (or receives less than they are entitled to receive), that individual should be able to claim the additional amount as a refundable credit on their 2020 return. No additional payments will be made in 2020 to address any discrepancies.

Tax Extender Legislation Brings Back Many Popular Tax Provisions

Congress uses temporary tax provisions, known as "expiring provisions", to address temporary budgetary needs and to mitigate recessions, weather disasters, and market events like mortgage and tech bubbles. Some are used to reward business and consumer investments in energy, production, and alternative fuels, encourage research and development with tax offsets, or to reward homebuyers with mortgage interest deductions. Often these measures are temporary since budgetary constraints will not sustain their costs for more than a few years at a time. For example, the Earned Income Tax, Child Tax, and American Opportunity Tax Credits were temporary provisions in 2009's economic stimulus package that in 2015 became permanent expansions.

(Continued on page 4)

IRS Nationwide Tax Forums

At this time, the IRS Nationwide Tax Forums are proceeding as scheduled, but this is subject to change. As usual, representatives from TaxSlayer will be attending the tax forums. Here are the dates and locations:

Dallas—July 14-16

New Orleans—July 28-30

Atlanta—August 4-6

Washington DC—August 18-20

San Diego—August 25-27

Orlando—September 15-17

For information on any changes to the schedule and to register for the Tax Forum go to irstaxforum.com.

IRS Stimulus Payment Portals

The IRS has two sites or portals for individuals to enter stimulus payment information. These portals are at www.irs.gov.

Non-Filers in 2018 or 2019 can file a simple return or can use the **Enter Your Payment Info** site to enter household and banking information.

Social Security or Railroad Retirement Recipients do not use this portal because the Treasury Department already has the information needed to process their payments even if they have not filed a tax return in the past two years

2018 or 2019 Filers will use the **Get Your Payment** site, where individuals that filed a 2018 or 2019 tax return can confirm the payment type they will receive (direct deposit or check), check the status of any stimulus payment, enter direct deposit information if no check has been sent yet. For security purposes, to access this site, a taxpayer will need to enter their Social Security Number, date of birth and the street address as reported as reported on their most recently filed tax return.

Popular Tax Provisions Extended

(Continued from page 3)

In December 2019, Congress used the Consolidated Appropriations Act to extend some popular tax provisions that were set to expire and not addressed under 2017's TCJA or the Bipartisan Budget Act of 2018.

The Consolidated Appropriations Act retroactively reinstated several individual and business tax provisions. As the IRS had not yet issued revised tax forms, instructions, or schemas to implement these changes before TaxSlayer started accepting tax returns on January 2, we spent part of tax season updating our 2019 and 2018 programs to accommodate the extenders.

This means that you *can extend tax season this year* by offering your 2018 clients who itemized deductions the option to amend their 2018 returns. For individual returns, some highlights worth considering for your clients include:

- A permanent and retroactive change reduced the medical expense deduction AGI floor from 10% to 7.5%, which is reported as a Schedule A itemized deduction.
- On 2018 and 2019 returns, taxpayers have the option of using the old method of computing Kiddie Tax or using the changes under TCJA when filing Form 8615. The TCJA method was to tax all kiddie income over \$1100 at estate and trust rates. Using the old method, the first \$1100 is tax free, the next \$1100 is taxed at the child's rate (typically 10%), and the balance is taxed at the parents' marginal tax rate.
- The Tuition and Fees deduction has been added back as an above-the-line adjustment to income, reported on Line 21 of Schedule 1 with Form 8917 as a required attachment.
- The Mortgage insurance premium (PMI) deduction is back until 2020, reported on Schedule A as an itemized deduction under Interest. This deduction is for certain mortgages that require this insurance as part of the terms and conditions of the mortgage and is based on the buyer's equity in the property.
- Federally declared disaster victims can recalculate their earned income for EITC for the current year income that has been reduced by casualty loss and claim casualty and theft loss provisions from Jan 1, 2018 to February 18, 2020. Exclusion of qualified principal residence indebtedness (Form 982) extends through 2020.
- Residential energy credits (Form 5695) that were previously reported on Part II of the form have been extended as *nonbusiness energy property credit of up to \$500 non-refundable credit for energy efficient improvements to the primary home*. This includes windows, insulation, Energy Star appliances, etc. and general business credits.
- Eleven expired credits have been retroactively extended through 2020 or 2022 on Form 3800 - General Business Credits. Consult the instructions for Form 3800 to determine the proper order in which your client's credits can be used.

Securing the Home or Remote Office

Start by reading our knowledgebase article on [Recommended Security Practices](#). It will help you begin to think about what is important. Once you have covered those items, have every remote worker also check the following items.

Ensure that Your Software Is Updated

You should make certain that you have updated your software and operating system. Each person working with you should have the latest version of each program supported under the company's security policy. Turn on automatic updating on everything where it is available.

Reset Default Wi-Fi Router Passwords

Not every person working at home will have reset the default administrative password for their router. Bad guys know the default login credentials of every major model of home or small office router. Make sure that the password for your router has been changed. You do not want your information being subject to a hacker that is eavesdropping on your transmissions. This is known as a man in the middle attack. It is a form of data sniffing which occurs when a hacker captures your real time communications.

Avoid Public Wi-Fi

When working remotely, most tax preparers should use an internet service that provides a private and secured access to the internet. The use of public Wi-Fi introduces a significant security risk and it should be avoided if possible.

Understand the Risks of Using USB Flash Drives

Do not use USB flash drives from an unknown source. There have been many examples of such devices being infested with malware and left for an unsuspecting person to find. Also do not mix USB flash drives for personal and business use. Keep them separate. The Department of Homeland Security has more information about this at the following link. <https://www.us-cert.gov/ncas/tips/ST08-001>

More Suggestions for Working from Home

The SANS Institute has some additional suggestions for safely working from home. <https://www.sans.org/security-awareness-training/blog/top-5-tips-working-home->

Polling the Impact of COVID-19 on Your Tax Practice

A NEW feature for *Support Connection* being introduced in this edition is to give our readers an opportunity to periodically participate in a short poll on a topic that currently is affecting tax professionals. This is not intended to be a lengthy or time consuming survey, but simply a few questions on a relevant topic that is currently impacting our industry. We will publish the results of the *Support Connection Poll* in the next issue of *Support Connection*.

To participate in *The Support Connection Poll* follow the link [how has the COVID-19 outbreak impacted your tax practice.](#)

Medicaid Waiver Payments

In 2014 the IRS issued Notice 2014-07 which excluded from gross income the payments that are made to an individual under a State's Medicaid Home and Community-Based Waiver Program for caring for a disabled person in their home. This provision removed the income that these individuals received for difficulty of care payments from their taxable income.

A taxpayer receiving a W-2 reports this income as wages and as gross receipts on Schedule C if they receive a 1099-Misc. The taxpayer then enters a corresponding negative amount in Other Income or an expense on the Schedule C and indicate Notice 2014-07 as explanation.

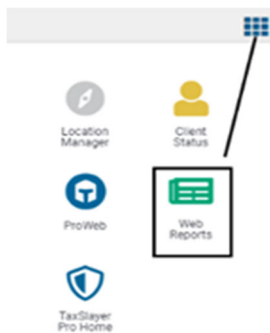
Based on a 2019 Tax Court ruling, the recipients of these Medicaid Waiver payments can now have this income included in their earned income calculation for the purpose of the Earned Income Tax Credit and the refundable portion of the Child Tax Credit. In essence, these Medicaid Waiver payments are not taxed for income tax purposes but will allow the recipient to receive EITC and the Additional Child Tax Credit.

Remote Tax Preparation and Reporting Options

Over the past several weeks, thousands of Americans found that working and studying remotely would become their new normal. Companies and schools sent employees and students home as Dr. Anthony S. Fauci, director of the National Institute of Allergy and Infectious Diseases urged the country to “HUNKER DOWN.”

Small businesses are especially threatened by the economic downturn and societal upheaval brought on by the COVID-19 pandemic. The Institute for Business and Home Safety estimates that 25% of businesses are unable to reopen after a disaster. Flexibility and mobility are crucial elements to daily operations that are heavily under-scored in times of crisis. Your tax business must be able to accommodate new and established clients who are practicing self-isolation, quarantine, and social distancing by offering mobile consultations and contact-free service.

TaxSlayer Pro already includes several built-in features that will assist you and your clients now that a face-to-face meeting isn't always feasible. Depending on the TaxSlayer product you use, options such as Web Reports, Customer Portal and the Taxes to Go Mobile App can be deployed to communicate with your clients and monitor your business from any location.



Using Web Reports

Web Reports are cloud based financial and statistical reports available to all TaxSlayer Pro Customers. Over 20 reports are available within Web Reports and each report is customizable, allowing you to fully manipulate the data you need and export it to an Excel file. Web Reports can be accessed from anywhere by logging in to your TaxSlayer Pro Account Hub. For additional information on Web Reports check out the Pro Support Knowledgebase article at the following link:

<https://support.taxslayerpro.com/hc/en-us/articles/360009299233-Web-Reports>

Customer Portal

This feature is available to all TaxSlayer Pro *Premium* and ProWeb customers. The Paper Cut Customer Portal allows you to send and receive signature documents and other important information required to complete a tax return. For additional information on the Customer Portal check out the applicable Pro Support Knowledgebase article at the links below:

<https://support.taxslayerpro.com/hc/en-us/articles/360039417853-Desktop-Customer-Portal>

<https://support.taxslayerpro.com/hc/en-us/articles/360038913534-ProWeb-Customer-Portal>

Taxes to Go Mobile App

Also available to all TaxSlayer Pro *Premium* and ProWeb customers, the Taxes to Go Mobile App allows your clients to create an account, snap pictures of their important tax documents and send them straight to your TaxSlayer Pro program for retrieval. The app includes a chat feature for communication between you and your clients and is fully integrated with the TaxSlayer Pro *Premium* and ProWeb software. For additional information on Taxes to Go Mobile App check out the applicable Pro Support Knowledgebase article at the links below:

<https://support.taxslayerpro.com/hc/en-us/articles/360009302473-Taxes-To-Go-Mobile-App-for-Desktop>



Continued on page 7)

Remote Tax Preparation and Reporting Options

(Continued from page 6)

<https://support.taxslayerpro.com/hc/en-us/articles/360009177894-ProWeb-Taxes-to-Go-User-Guide> -

TaxSlayer Pro Support is here to help you and thousands of other small businesses through this time. Whether you are already comfortable with the software's mobile features or just learning how to untether your tax preparation from the office, our support agents can guide you to a more agile business model.

Changes to Retirement Plans for 2020

The legislation that was passed at the end of 2019 that extended many popular tax deductions and credits also contained provisions that will affect retirement plans starting in 2020. Many of the changes will directly impact participants in retirement plans and IRA's by making more individuals eligible and it allows new opportunities for individuals to receive distributions from some plans without penalty. Also, for 2020 only, the CARES Act provides taxpayers with an opportunity to take early distributions from retirement plans without penalty when they have been affected by COVID-19.

Minimum Required Distributions. Effective for tax years after 2019, the age after which a required minimum distribution (RMD) from certain retirement accounts must begin is raised to 72 from 70½. Starting in 2020 a taxpayer who has not turned 72 by the end of this year does not have to make a RMD. There is also a provision in the CARES Act that suspends for 2020 only the requirement that anyone regardless of their age take a RMD.

Maximum Age for IRA Contributions. The new provisions eliminate the maximum age for IRA contributions which currently is 70½. This will allow older workers to continue to make annual IRA contributions if they otherwise qualify.

IRA Qualified Charitable Deduction. The age requirements for an older taxpayer to use a withdrawal from their IRA to make an IRA Qualified Charitable Deduction remains 70½. However, the new rules require a worker over 70½ to offset any deductible charitable IRA contribution made in the year by the aggregate IRA contribution deductions allowed to them after they turn 70½. In other words, the taxpayer cannot take a tax deduction for making a contribution to their IRA and then take a charitable IRA contribution in the same year.

Penalty-free Distributions for Child Birth and Adoptions. Each parent can withdraw up to \$5,000 as a penalty-free distribution from qualified retirement plans and IRAs for births and adoptions. This withdrawal must occur within one year of the birth of the child or placement of the adoption. The amount can later be repaid, but at this time the IRS has not yet issued guidance on how this repayment process will work.

Required Distributions from Inherited IRA's and Retirement Plans. Starting with individuals that pass away in 2020, the non-spouse beneficiary of their IRA or other qualified retirement plan will have 10 years to withdraw all the money from the inherited account without penalty. The previous requirements, which remain in effect for any inherited retirement account where the original owner passed away prior to January 1, 2020, require the beneficiary to withdraw the funds within 5 years to avoid a penalty.

Penalty Free Early Distributions for Individuals Affected by COVID-19. The CARES Act allows eligible participants in certain retirement plans — including Traditional IRAs — to take an early distribution of up to \$100,000 during calendar year 2020 without paying the 10% penalty tax on withdrawals before an account owner is 59 1/2. This penalty free provision will also apply to certain early withdrawals from other qualified retirement plans such as 401(k) plans.

Upcoming Due Dates

July 15, 2020

Form 990—Non-Profit Organization Returns

Form 1040/1040NR—Individual Tax Returns

Form 1041—Estates & Trusts

Form 1120—U.S. Corporate Tax Returns

[Preview of Next Edition of Support Connection—May Issue](#)

[Tax Season Wrap-up](#)

[Preparing for the Off-Season](#)

[What to expect in 2020](#)

[Update on How the Stimulus Bill\(s\) will impact the 2020 tax return](#)

[Results of the Support Connection Poll](#)

2020 Charitable Contributions

As part of the efforts to address the effects of COVID-19, the CARES Act includes provisions that will affect the deductibility of charitable contributions for both individual and corporate taxpayers in 2020. All of the following provisions are for 2020 only and are not a permanent change to the tax code.

60% AGI Limit is Suspended. Individuals can deduct any cash contributions made to qualified charitable organizations, up to 100% (instead of 60%) of their adjusted gross income (AGI).

Corporations Limit Increased to 25%. Corporations can deduct up to 25% of their taxable income for any cash contributions made to qualified charitable organizations. Deductions for cash donations were previously limited to 10%.

Above-the-line \$300 Deduction. Individuals who take the standard deduction can claim an above-the-line tax deduction for **cash donations** to qualified charitable organizations, up to \$300.

Support Hours of Operation

All Eastern Time

April 16 to Dec 31, 2020

Monday - Friday
8:00 AM to 5:00 PM

Tax Season Hours

Support will be open extended hours which correspond to the filing deadline of **July 15, 2020**

Holidays Support is Closed

Memorial Day
May 25

Independence Day
July 3

Labor Day
September 7

TaxSlayer Pro Contact Information

Sales	888-420-1040
Sales Fax	706-868-1955
Email	sales@taxslayer.com
Pro Support	706-868-0985
Pro Support Fax	706-868-0263

IRS Phone Numbers

E-file Help Desk	866-255-0654
PTIN Registration/Information	877-613-7846
Refund Status	800-829-1954
Tax Fraud	800-829-0433
FTC Identity Theft Hotline	877-438-4338
Identity Theft (Form 14039)	800-908-4490
Practitioner Assistance	866-860-4259
Business Assistance	800-829-4933
Social Security Administration	800-772-1213
Taxpayer Assistance	800-829-1040
Financial Mgmt. Services	800-304-3107
E-services Secure Access Registration Assistance	888-841-4648
Healthcare.gov	800-318-2596