



Specializing in Individual, Small Business, Non-profits, Estate & Trusts

January 2022

To our valued clients:

We hope you had a happy holiday, and we wish you a prosperous New Year. We also thank you for your business and many client referrals.

First, we appreciate your patience as we maneuvered through the past difficult tax seasons. With Covid and the legislative changes occurring throughout the tax season, many times on an hourly basis, we were all kept on our toes.

Moving into the 2022 tax season, we have been planning ways to keep all of us, including you, as safe as possible as we complete your tax returns. First, remember that for security of your tax data, our staff works only at our office and never takes your tax information home. For security and health protection for all of us, we will again not allow clients into our office during the busy tax season. Here is our operational plan for exchanging data and required signatures:

If you wish to drop off materials to us:

We ask that you call and make an appointment with our staff to bring your data to us and for our staff to get the required documentation ready for you. This is not an appointment with Rob or Karen, but with our qualified front desk staff. Our staff will be wearing masks (and we ask the same of you). By calling ahead of time, our staff will have your personalized data ready for you to review and sign. Remember, we cannot start your returns, until you have signed required paperwork.

If you wish to transfer your data to us through our secured SmartVault web portal:

We have been very pleased with our secured web portal. If you have not used it, please call the office and once you confirm your email address, we can send you a link. If you have used this portal with us before, your login credentials remain the same, your username is your email, and the password is what you chose at setup. If you do not recall your password, on the login page are instructions to get a new password. Login to our portal at www.my.smartvault.com.

Either way you get your tax data to us is great. If you would like to complete and review a portion of the paperwork, we require prior to coming into the office or uploading your data, it is available on our website at www.metzger-tax.com, under the *Client Information* tab.

After we receive your data, either Rob or Karen would be happy to have a phone or virtual appointment with you. You will still have our undivided attention and you will still receive the same attention to details; however, it will be from the comfort of your own home over the phone or video meeting. Call the office to setup this meeting.

Once your return is completed, our office will call you as we have in the past. We have a couple of options for picking up returns:

To physically pick-up returns, sign required documents, and pay our invoice:

Stop by the office as you have done in the past. Again, with masks and appropriate social distancing, the staff will deliver your return, get appropriate signatures, and complete the filing requirements. We ask that you pay our invoice at this pickup.

To have a virtual pick up:

We can use the SmartVault secured portal so that you can review your return before getting a hard copy or electronic version. Within the portal, along with your tax returns, we can place the forms that you will need to print, sign, and return to us. You can call the office and pay for your tax preparation with a credit card. We can also arrange for your signatures via a Doc U Sign secured system.



We have been taking many tax courses to keep track of the myriad of changes with new tax regulations. The following are a few notable changes that may affect your specific 2021 tax preparation:

The Stimulus funds that many received in 2021 of \$1,400 per person needs to be included within the reporting for your 2021 tax return. The stimulus funds are not Federally taxed, but we are required to report and reconcile to ensure you got the correct amount. This reconciliation is a tedious calculation, and we will be adding a surcharge when preparing your tax return. When you got the stimulus payment, you also received IRS Notice 1444-C that detailed your payment. If you have that notice, please include that with your other tax data. We cannot complete your tax return until you confirm the amount you received, if any.

Beginning in the summer of 2021, many of you with children as dependents began receiving monthly payments from the IRS. These payments were called the Advance Child Tax Credit. It is imperative that we know the exact amount you received each month. We will need to reconcile the payments you receive, against the Child Tax Credit that we enter on your tax return. This reconciliation is also a tedious calculation, and we will be adding a surcharge when preparing your 2021 tax return. We cannot complete your tax return until you confirm the amounts you received, if any.

Many of us did not realize that in May 2020, the citizens of the Tri-County Metropolitan area (Metro) voted in a new personal and business income tax. In addition, in November 2020, Multnomah County residents voted in a new personal income tax. These affect anyone living in the Metro Tax District, which included Multnomah County, and citizens who work in the Metro Tax District! Our conclusion is that this is most of us who live and/or work in Multnomah, Washington, and Clackamas Counties. If your income is over \$125,000 for single filers and \$200,000 for joint filers, you are subject to these new taxes. So, an additional question this year will be where did you physically work? This is a legal issue that is affecting a lot of folks due to working at home (Covid and other reasons).

For the 2021 tax year, even if you do not itemize, but contributed cash, check, or credit card payments, not clothing, to a qualified charity, such as your church, you can deduct up to \$600 as a charitable deduction. We will need to know how much you contributed to get this tax deduction.

There is no penalty if you did not have insurance in 2021, so we will not be asking questions about whether you had coverage. But, if you purchased insurance on the “exchange” and received assistance with your monthly premium payments, we will continue to need your form 1095.

We will still need your itemized deductions to determine if you can receive this tax savings on your federal return. If you are an Oregon resident, or live outside Oregon but work in Oregon, we still want to have all your itemized deduction items (medical, property taxes, home mortgage, charitable contributions, and gambling losses if you have reportable gambling income). Oregon, like most other states, did not increase their standard deductions.

Many still have Principal Mortgage Insurance (PMI). The deductibility of these payments has been batted around Congress for several years. The deduction will again be allowed for the 2021 tax filings.

The IRS is increasing its regulation and enforcement of cryptocurrency reporting. Each cryptocurrency transaction is a reportable tax event. Thus, a possible major area of reporting on your tax returns. You must provide detailed reporting.

Tax planning continues, and now more important than ever:

Anyone, of any age, may now deposit money to an IRA if they have earned income such as a wage or self-employment. This is a great way to pay yourself first (for your retirement).

For the 2020 tax year, special Covid relief regulations eliminated the annual Required Minimum Distribution (RMD) from retirement accounts. For the 2021 tax year, the RMD's are again required of anyone who turned 72 in 2021 or older. If you are unsure if you properly made this withdrawal, visit with your retirement plan administrator/broker. Please provide the form 1099-R that you will receive.



If you are over the age 70½ (this age did not change), and have an IRA, you can benefit from the direct IRA to charity transfer tool to make charitable contributions. This simple task can save you hundreds of dollars in income tax.

Withdrawals from a retirement plan are usually always taxable and some withdrawals have an additional 10% penalty. Withdrawals when you are over 59½ (or lower depending on circumstances) or some specific withdrawals do not have a 10% penalty. At any age, the following withdrawals may not have the 10% penalty – birth or legal adoption of a child, home purchases for buyers who have had no ownership interest in a main home within the last two years, to pay IRS levies, for health insurance premiums paid while unemployed, and other specific reasons.

Every year we are told “I pay too much in taxes” or “I want some of the tax loopholes that rich people get.” We can answer both statements with one answer. Rich people get no more tax deduction or “loopholes” than anyone else; they just take advantage of what is there to keep their taxes at a low legal level. The single greatest tax “loophole” that they use, which few average people use to its limit is the ability to defer nearly \$20,000 into a 401-K if your employer offers one. If your employer has a 401-K (or an HSA account) and you are not putting the maximum deferral in it, there is no reason to even think about other tax planning ideas.

Other Thoughts

Regarding IRS telephone calls . . . the IRS will **NEVER** contact you by telephone without initiating contact by USPS mail. Our instructions to you . . . *Just hang up.*

Identity theft involving tax return information is rampant. We value the detailed information you share with us. All Metzger staff are background checked, most are personally known by Karen and Rob for years, and our security for our building and our computers is top notch. Remember, your personal tax documents never leave our office. All work is completed within our building by our excellent team members.

If you are turning 65 years old – congratulations. Remember that you must sign up for Medicare when you turn 65 or you will pay increased premiums for the rest of your life!

We are happy to meet with you throughout the year for tax planning, retirement, and similar income tax related issues, and sincerely appreciate your continued business each year.

So many of our clients were so generous by giving back to our community, so again we are having a food drive for Bethlehem House of Bread, a local Tigard based free store for those in need. They accept nonperishable food items, and clothing for all ages. All donations stay within our community. In 2020 and 2021, you – our partners – donated over eight tons of food – Thank you! We encourage you to bring in a couple of canned food items and any clothing you want to share with those less fortunate in our community.

If you would like a tax organizer which lists your prior year tax data as a guide to gather your information or would like a simple check list of documents normally needed to prepare a return, please let us know by email margaret@metzger-tax.com or call the office at (503) 246-4776. We will be happy to send this information to you.

We can only imagine what tax changes may occur from our Washington DC and State leadership. Therefore, please gather your tax documents and get them to us before Saturday, March 19th to ensure we get your returns completed. If you cannot get us documents by March 19th, we will of course file an extension and then complete your return when your data becomes available. Please notify us now if you anticipate a need for an extension.

Thank you again for choosing Metzger Tax Service to assist with your taxes. We wish you a wonderful 2022 year and look forward to working with you.

See you soon,

Rob

Robert A. Sederstrom
Certified Public Accountant

Karen

Karen C. Sederstrom
Licensed Tax Consultant