

### 13) Business Deductions for Sole Proprietorships, S Corporations, Partnerships and, maybe, Rental Income

- Qualified Business Deduction (QBD). Generally you can deduct 20% of profit from your income.
- Standard Mileage Rates. The 2020 rate for business use of your vehicle is **57.5¢** a mile for the entire year. It's extremely important to have a mileage log or all deductions could be disallowed.
- No Entertainment expenses are deductible for 2020.
- Business meals and Client Prospect Meals are **50%** deductible. The expense must be ordinary and necessary. You must keep track of your business meals all year long so you have the proof you need for the deduction. Keep the receipt that shows the name of the restaurant, the name of the people at the table and a record of the reason for the meal.

### 14) Need a Copy of Your Tax Return?

The Internal Revenue Service charges \$50 for a complete copy of your tax return. However, Fiscal Tax retains our client returns for 10 years and we are available year-round to provide **FREE** copies whenever you should need them.

### IRS Warning About Email and Phone Scams

The IRS has reported many email and phone scams which claim to be from a collection agency working with the IRS. It is important that you talk to your tax professional if you are contacted before providing any information.

If you receive an **email**: Don't reply, click on any links or open any attachments.

If you receive a **phone call** from someone claiming to be from the IRS: Record their name and badge number, ask for a call back number and make a note of the caller ID if available.

## Fiscal Tax Guarantees

For more than 45 years, Fiscal Tax has valued offering our customers the very best income tax preparation services in Central Indiana. We know that tax season is a stressful time for many people. Our team has been doing its homework so we can show you that tax preparation can be easy, fast and maybe even just a little bit fun!



John Striewe  
Founder & President

**We Guarantee Coverage** - with every tax return we prepare. Whether you choose our **In-Office, Drop-Off, FREE Pick-Up** or **Virtual** preparation service, if we make an error on your tax return, we pay the penalties and interest.

**We Guarantee Accuracy** - we guarantee 100% mathematical accuracy.

**We Guarantee to Save You Money** - we will provide you a guaranteed maximum refund.

## Ask Us How

You or Someone You Know  
Could Qualify for a  
**REFUND ADVANCE UP TO \$6,000** or a  
**0% Interest REFUND ADVANCE**

**UP TO \$1,000\***

**When We File Your 2020 Taxes**

\* The Refund Advance is an optional tax-refund related loan provided by MetaBank, N.A., Member FDIC (it is not the actual tax refund) at participating locations. The amount of the loan and applicable interest will be deducted from tax refunds and reduce the amount that is paid directly to the taxpayer. Fees for other optional products or product features may apply. Tax returns may be filed electronically without applying for this loan. Loans offered in amounts of \$150 (where available), \$500, \$1,000, 25%, 50%, or 75% of your expected tax refund from \$150 - \$6,000. Loans in the amounts of \$150, \$500, and \$1,000 have an Annual Percentage Rate (APR) of 0.00%. Loans in the amounts of 25%, 50% or 75% of your expected tax refund have an APR of 36.0% with a minimum loan of \$1,250. For example, \$2,500 loan representing 50% of expected refund borrowed over 29 day term, total amount payable in a single payment is \$2,571.51 including interest. Availability is subject to satisfaction of identity verification, eligibility criteria, and underwriting standards. Offer applicable to 2020 tax refunds.

# 2020 Tax Tips

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for the one nearest you

# 2020 Tax Tips from Fiscal Tax • 15 Convenient Locations

## 1) NEW Charitable Contribution Deduction

There is a new \$300 charitable contribution for 2020. You can write off up to \$300 in cash donations even if you do not itemize deductions.

## 2) Indiana Taxpayers Only

- Do you know anyone (including Grandparents) that are saving or paying for College Expenses or Private School K-12 Tuition? Contribute to the **Indiana College Choice Direct Savings Plan** and receive a Tax Credit of **20%** of your contributions up to a maximum of **\$1,000**. Ask us for details.
- Don't forget, Indiana allows you to deduct the first **\$3,000** you paid in rent and the first **\$2,500** of property taxes.

## 3) Stimulus Checks

- Good News - it is not taxable income.
- Also, there are six ways to Get More Stimulus Payments when you file your 2020 tax return in 2021. It's call the **Recovery Rebate**. Ask us for details.

## 4) Unemployment Benefits

The bad news: you could owe Federal, State and Local taxes on any unemployment benefits you collected, including the temporary \$600 weekly boost.

## 5) Standard Deduction vs. Itemized Deductions

- Itemized deductions must exceed the standard deductions of \$24,800 for Joint returns, \$18,650 for Head of Household, and \$12,400 for Single taxpayers.
- You might benefit from itemizing if you had large, out-of-pocket medical expenses, paid mortgage and real estate taxes on your home, made large contributions.

## 6) ROTH vs Traditional IRA: Which is Better for You?

**ROTH IRAs** tend to get a lot of hype, and for good reason, because you pay the taxes upfront and your eventual withdrawals are completely Tax-free.

**Traditional IRAs** give you a tax break now and, in many situations, will put more money in your pocket than a ROTH would.

The tradeoff is an uncertain future tax liability possibly even decades from now. Given enough time and/or a high rate of return, you may be better off with a ROTH.

## 7) Earned Income Credit (EIC)

The Earned Income Credit was passed in 1975 in an effort to reduce poverty and assist those who work to provide for their families but earn lower income levels. The credit decreases the amount of tax you owe and the credit is refundable. The maximum amount of credit for 2020 is:

- \$6,600 with three children
  - \$5,920 for two
  - \$3,584 for one child
  - \$538 for no children
- Also, the Indiana maximum credit is \$575

## 8) Education Credits

The American Opportunity Credit can increase your refund by up to **\$2,500** per student. Also, you could qualify for a **\$1,000** refund even if you had zero income, but you cannot claim it if you could be a dependent of your parents. The tax break is allowed the year you pay the tuition even if you used a student loan to pay for it. Form 1098T is required.

## 9) Child Tax Credit

- The tax credit is **\$2,000** per child under the age of 17, and the income phase-out is higher.
- There is also a **\$500** tax credit for dependent children over age 17 and all other dependents.

## 10) Student Loans

- The deduction for Student Loan Interest can ease the burden of payments for student loans. If you pay interest on a qualified Student Loan, you are generally able to deduct the interest expense up to **\$2,500**.
- Discharged loans are generally treated as added income. However, there are now exclusions for: Death, Permanent Disability, and working for a certain period of time in specific professions.

## 11) Make the RMD from Your Traditional IRA Tax-Free

- The tax code allows you to donate directly from your IRA account up to **\$100,000** per year in **Qualified Charitable Distributions** (QCDs).
- The QCD donated money escapes Federal income taxes and will also lower your Indiana and county taxes by over 5% of the contributed amount.
- **Double-Dip**. You get a double-dip when you don't itemize deductions. The non-itemizing taxpayer creates a deduction where none existed before.
- Other benefits may include: Lower Medicare premiums and lower tax on your Social Security benefits.

## 12) Teachers

There is a \$250 deduction for teachers spending their own money for classroom supplies.



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