

## H&K TAX SERVICES, INC.

31841 Alvarado Blvd. Union City, CA 94587

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January 2021,

Dear Valued Client(s):

We hope that you and your family are safe and healthy during the ongoing Covid-19 crisis. We want to wish you and your family Good Health and Happiness!

This tax season we are open with all safety measures for in-person and remote tax services. We are practicing safety protocol by performing temperature checks, questionnaires upon entry, and requiring face covering at all time. We will be helping our clients by appointment only. You may choose to wait in your car, in the front, or in waiting area after checked in.

Enclosed is the annual checklist to help you gather all your 2020 tax documents. It has been an interesting year with important tax changes that will impact you. Here are some of the changes and issues you need to know about.

**Stimulus payments:** Individuals who received the \$1,200 economic impact payments should have received IRS Notice 1444. You will need to provide us with that notice and the amount of your second stimulus check, which was sent out in January.

**Unemployment compensation:** If you received unemployment benefits. Please bring form 1099-G from EDD.

**The Cares Act withdrawals:** If you withdraw from your retirement savings. Please bring form 1099-R.

**California introduced penalties for failure to carry health insurance:** Starting 2020, California will charge an individual who fails to secure health coverage for an annual penalty of \$695 or more when you file your 2020 California tax return. The minimum penalty for families of four or more individuals is \$2,085. The penalty can rise as high as 2.5% of household income, which can be many thousands of dollars. Be sure to maintain your health insurance coverage to avoid this costly California tax penalty.

**Foreign accounts:** You must report your foreign accounts with value having exceed \$10,000 USD at any time during the year. The penalties for failure to report are continuing to be harsh.

**Tax return due dates for the 2020 tax year:**

- Partnership & S-corporation must file returns by March 15<sup>th</sup>, 2021.
- Individual & C-corporation must file returns by April 15<sup>th</sup>, 2021.

Please take extra care by using the attached annual checklist in preparing your tax documentations so we can do the best possible job to find new tax benefits that are hidden in the law and protect you from more aggressive audit programs and larger penalties.

**We appreciate your trust in us over the years. We look forward to working with you again this tax season! Please call us at (510) 324-1206, Ext 0 to schedule your tax appointment.**

**To avoid NOT getting the appointment time you prefer, we would like to ask you to call in to schedule your appointment as soon as you have all your tax documents ready.**

Sincerely,

*Hank & Karen*

Your tax professionals