



SSTAR Services
4266 Gem Avenue
Castro Valley, CA. 94546

Phn: (510) 583-8035
Fax: (510) 583-0555
www.yourtaxreturn.com

Accounting, Real Estate and Tax Services

Post-Game Analysis (a.k.a. After-Tax Feedback)

Top Issues That Affected You (my clients) For Tax Year 2019

Paper Returns - With most of its staff working remotely, the IRS is NOT processing paper (mailed-in) tax returns. Those of us who filed tax returns (including amended returns) by mail may not see refunds for a LONG while - maybe not until late summer.

The All-New W-4 - Remember this is not a legal document (it may or may not match your family situation) - it's just a form to tell your employer how much tax to take out. Section 1 - Check "single" or check "married" if you file jointly AND are the only one working. Married couples who both work NEED to select "single" or they can be vastly underwithheld.

If You Move - Send me an e-mail (stacyspink@sbcglobal.net) so I can update my records for next season. Otherwise ALL of my pre-season mailing will be on the web site (yourtaxreturn.com) under the "Before We Meet" tab. If you don't get my mailing next January go there instead. Put a post-it on the fridge now ☺

Identity Protection PIN - There are always some unfortunate taxpayers whose names and SSN's are used to file fraudulent returns. Go to irs.gov and get an Identity Protection PIN for yourself (and your dependents if necessary). Do this now...

Obamacare - Watch Out! - Be VERY careful to not UNDERESTIMATE your income when you sign up. Credits are based on your income (SSA Counts!) - if you sign up stating \$35K annual income and then make \$45K, they will take back the overage when you file. And there are HARD cutoffs and the \$\$\$ can be HUGE!

Frequent Flyer Award - Goes to Henry N., who filed his initial tax return and then had to file THREE amended returns because he kept getting new forms after we filed. Please make sure you have ALL of your tax papers before you send them to me. Anyone breaking Henry's prestigious record will be summarily fired. ☺

Your Dependents - If they work they need to claim S-0 on ALL of their W-4's (that's "single" with nothing else checked on the form) since they can't claim themselves on their own returns. Otherwise they could end up owing themselves...



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Deferred Compensation - Is it actually beneficial? - Go to the "General Topics" tab and open the "Deferred Comp" tab. Maybe not as good as you think...

NEW - Deferred Compensation - Part II. READ!! If you don't have at least 3 months of living expenses in the bank, STOP putting money into your 401-K and put it elsewhere. If the pandemic has taught us anything it's that change happens when we least expect it. If your only "savings account" is your 401-K you will lose nearly half of it in taxes and penalties when you grab that money for the next emergency. So take that money and set up an emergency fund FIRST that WON'T cost you 45% in "withdrawal fees" and THEN build up your retirement fund. Why plan 30 years ahead when you have not planned 30 days ahead? **THAT MAKES NO SENSE!**

Energy Credits - At present, the Solar Credit is now at 26% for this year, goes to 22% next year and then goes away in 2022. The credits for energy-efficient property other than solar (windows, doors, insulation) have been REINSTATED retroactively.

IRS Notices - #1) The IRS will never initiate contact by phone. All phone calls about tax debts are bogus. Just hang up. #2) The IRS will mail you notices about tax issues. E-Mail or fax me a copy of the letter and I will deal with it. Do not call me and say "I got a letter" because I need to see it first and won't be able to help you.

DIDN'T GET YOUR REFUND? - Don't wait until 2021 to tell me this! Contact the IRS or FTB now (using the "Refund Status" link on the web site) and confirm that your return was received. If not, we can file it again. Let's fix it now, not later.

IF YOU OWED TAX - Whenever I prepare a return that has a balance due, I always discuss ways of making sure you don't owe tax the next year. So I would have given you instructions on what to change. If you are not 100% sure about this, please e-mail me so we can discuss and make those changes NOW.

Call or e-mail me (stacyspink@sbcglobal.net) with any of your tax questions during the year and I hope to see you again in 2020!

Stacy Spink, SSTAR Services



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Tax-Related Matters for the Great Panie Pandemic of 2020 And Tax Laws Changes for Tax Year 2020 (At least the ones I know about right now)

IRS Stimulus Checks - Are based on 2018 or 2019 income (whichever was filed most recently). A Check Calculator is on my web site (under "General Topics / Latest Updates"). These payments are NOT income, NOT taxable, and NOT a loan to be paid back (at least in the conventional sense - we just loaned ourselves a bunch of money and will have to pay it back some day through higher taxes). Anyway - If you have already received your money based on 2018 income and your 2019 income is LESS and qualifies you for more \$\$\$ my understanding is there will be some sort of tax form to claim the difference on your 2020 taxes. I will continue to post latest updates as they develop on the web site under the tabs listed above.

P.S. I put up an interesting article (under the same tab listed above) scientifically calculating the death toll from our RESPONSE to this virus. It will surprise you.

Obamacare Part II - The IRS officially discontinued penalizing folks without health insurance last year. California, never one to miss an opportunity to collect money from poor people (because there are a lot of them and it's easier to take from the poor than from the rich) is reinstating those penalties. Individuals - \$ 695, Couples - \$ 1390, Couples with Children - \$ 2085 - MINIMUM. Many of you without insurance avoided the penalty simply checked the "yes" box with me for the last 5-6 years and I never had an issue. I do NOT know what mechanism California will use to enforce this new law. The IRS never developed one that worked as far as I know.

Unemployment Compensation - There will be a larger number of claims this year and the \$\$\$ amounts will be much higher than usual. Elect the voluntary income tax withholding when you receive UI benefits. Otherwise you might end up with a big tax bill at the end of the year. You still might owe anyway (the default tax taken out is 10% and your tax rate may be higher than that...)

Mail-In Returns (including Amended tax returns) - Due to "work at home" orders the IRS is NOT processing ANY mail-in tax returns at this time. I assume they will do so when they get back to work. As of yet I do not know when that will be. Refunds could be arriving around the end of summer for all I know...



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And on a very sad personal note - Katya the office cat died on May 2nd aged 16 years. She had severe kidney failure and was hospitalized for one week. The vets tried everything possible (the final bill was \$2600) but there was nothing they could do to reverse the condition. She was euthanized at home and died the same way she lived, in the arms of people who loved her.

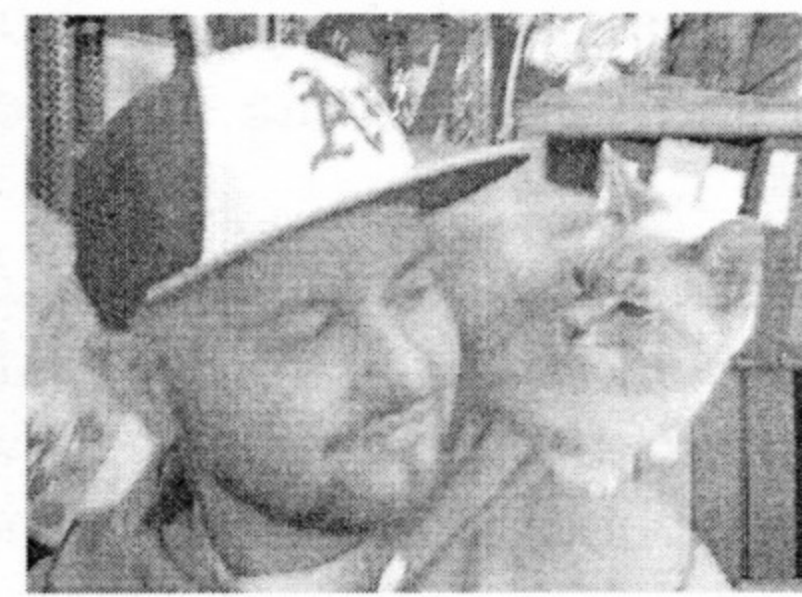
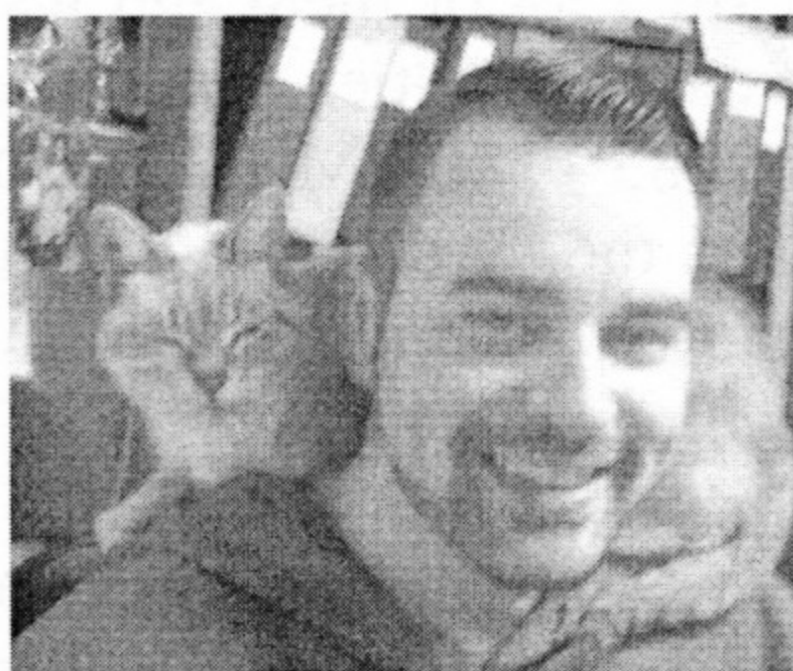
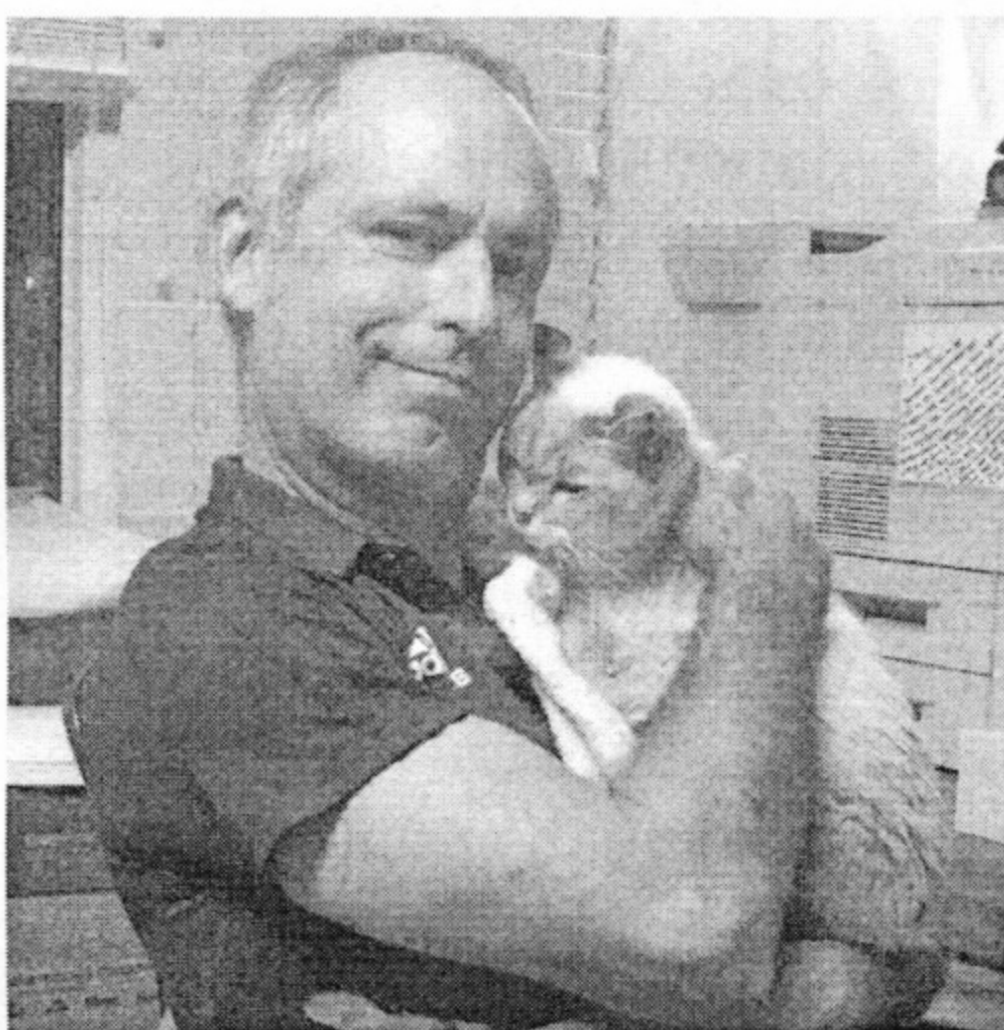
I know not everyone is a "cat person" but I do know she brought a moment of joy to many who held her while their taxes were being prepared. All animals are special - I have had many over the years and currently have four - but this girl was more unique than most and I feel her loss more acutely.. If you have a fond memory of her, please make a donation to the Hayward Animal Shelter in her memory. That is where I got her from three short years ago (during tax season no less).

And to reinforce a lesson we as adult should all know - appreciate those people (and all living things) that are in your life right now. Most of my cats have lived very long lives. Treat them like there is no tomorrow. You never know when you will no longer have them.

ADOPT-A-PET



KATYA is 13 years young and full of affection. She loves chin scratches and leans into your hand, looking at you with her soulful blue eyes. Info: Hayward Animal Shelter. (510) 293-7200.





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Changes in my Business Model for 2020

I am going to reduce the number of returns I prepare next year by about 200. Which ones I cease doing I leave up to you.

I like preparing taxes and I think I am fairly good at it. Yet I find myself getting very frustrated every year with certain situations and it has nothing to do with the volume of returns. I am going to eliminate the difficulties starting now. I have narrowed it down to three things that really make it hard for me to do my job efficiently. So...

1) Not following the basic instructions - If you are missing one document, or send me one extra item I don't need - fine. I don't expect perfection. I cannot meet that standard either. But when I am missing three critical items and get a 6-page receipt for car repairs, or every deduction you list ends in "000" I know that person has not made any effort to follow the instructions I furnish. I am no longer going to accommodate such persons. Last year I started enclosing a "send me - don't send me" worksheet that is mailed and available online as well. Follow it (as best you can) or I will simply hand your papers back to you and ask you to go somewhere else. Remember if you have business income, rental properties, etc....you will need to download those forms from the website. I can't mail 1400 copies of those...

P.S. Each of these mailings cost about \$1700 in printing, labor, and postage cost. I am willing to spend that money because I think it is that important. If you won't take the time to read them I won't take the time to do your return. Simple.

2) Inability to contact you - Tax preparers must confirm identity before leaving a message - we need to keep information private. I am done with calling a taxpayer 10 times and being unable to leave a message because they refuse to record an outgoing announcement. I'm spending more time on the phone than I am doing the return. No longer. So here are three solutions - if you want to work with me, choose one:

- a) Answer the phone when I call. I realize this is not always possible.
- b) Record an outgoing announcement. I will leave a message and await your call.
- c) Return my call later that day when you see a call from (510) 583-8035

I will make a maximum of 5 attempts to contact you at varying times (morning, afternoon, evening). If I can't reach you and can't leave a message we are done.



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P.S. I estimate there are about 3 dozen of you who work in occupations that actually require a blind voice mail (law enforcement, etc). You will be accommodated.

3) Unreadable forms - I find I can be super productive when I am not straining to read the numbers I input. Plus it prevent mistakes (3's, 8's and 9's look a lot alike in 8-point font). Folks are still sending faxes in "basic" (not "fine") mode, sending 640 X 480 pictures (unreadable) and taking pictures of the entire page of W-2's when all I need is a picture of one (segment) - despite written instructions to the contrary. So - look at what you are about to send me. Can you read all the numbers? If you can't - maybe I can't. Enlarge it before you send it. Look at the scans you made to see if they are readable. If their are five W-2's per page just take a picture of one (PDF scans of entire pages are fine those are usually very readable). Use a scanner app. Again, I provide written instructions - "How to Send It" - to everyone. If I can't read it I will ask you to send it again (which does NOT mean do the same thing).

4) A Change for Taxes By Mail - I really appreciate the phone interview / tax by mail process. I prepared over 240 returns this year that way. It's super flexible, convenient for both of us, and saves you a (long) drive to the office. The problem is CTEC (the California Tax Education Council) monitors preparers (like me) with unannounced visits to confirm signed documents are on hand for returns I have filed. While about 65% of you sign and send documents back promptly, the other 35% are putting my license in jeopardy by letting them sit on the kitchen table for a week.

Solution - From now on, I will transmit the return AFTER you have signed the papers. I will finalize the return after our interview and mail it to you - same as always. The actual return will not be transmitted until you call me to confirm that you have signed the documents and placed payment (if necessary) in the mail. I will take you at your word when you do this. Plus you will get to review a physical copy of the return before I send it. I refuse to spend any more hours stressing on this or calling clients to remind me to send me their papers. We'll see if this new system solves the issue.

I hope these changes seem reasonable to most of you and we'll have a great pandemic-free tax season in 2021. On an unrelated matter...

I will be looking for a new employee next year. RELIABLE, good eyesight, good data entry and math skills, flexibility - and that's it. Contact me first week in January.