

Tax & Financial Guide

Business and Personal ACCOUNTING, TAX,
SOFTWARE & FINANCIAL PLANNING SERVICES

Payroll Tax

President Trump pleaded for an employee payroll tax cut. His executive order only defers the taxes that would be withheld from September 1, 2020 to December 31, 2020. They would have to be paid after 12/31/20. Most employers don't want to eliminate withholding because they would probably have to withhold extra next year to recoup the taxes not withheld in 2020.

Trump said if he wins reelection, he will forgive the repayment, but only Congress can do that. He was talking about helping unemployed people, but unemployed

people don't pay payroll taxes. If employees do not pay their share of social security withholding, it will eventually bankrupt social security and the retirees living on social security benefits will get to rejoin the workforce.

President Trump also signed an executive order extending unemployment. The Federal government would pay \$300 per week out of the FEMA disaster fund while the states would pay \$100 per week. There are way too many flaws in this order. Contact us if you want details.

Educator Deductions

Whether schools are in person or virtual, educators are still entitled to a maximum \$250 deduction for school expenses paid for but not reimbursed. Educators include teachers, instructors, counselors, principals or aides who work in K-12 for at least 900 hours per school year.

Qualified expenses include books, supplies, professional development course fees, computer equipment including related software and services, and other equipment and materials used in the "classroom". Make sure you save your receipts to take this deduction.

Stimulus Payments

If you have a friend or relative living in a nursing home, they qualify for the stimulus payments. Even if the payments were sent to the nursing home, the individual is the legal recipient of these funds. No matter who is paying the nursing home costs, the individual is entitled to the stimulus payments and does not have to turn the money over to the nursing home.

Vendor Sale And Grilled Food

We will be having another vendor sale in our parking lot on Saturday, September 26, 2020 from 10am – 3pm. We have been helping some small businesses that have been affected by Covid-19. Since many craft and vendors fairs have been cancelled we discovered that our lot provides a great place for them to display their wares while social distancing.

We had an event in July and another in August. We felt we could do one more event

before it gets too cold. We will have at least 10 vendors as well as freshly grilled food. With the Covid affect on these businesses, this is a great way to support local businesses as well as spend some time relaxing and doing some shopping. Perhaps you can get your Christmas shopping done early! Come and check it out.

If you still have records at our office, you could pick them up at the same time.

Third Quarter Tax Estimates are due September 15, 2020. If you want us to prepare them, you must have your income, deductions and withholding amounts in our office by September 9, 2020.

Please call our office to discuss any of the items in this newsletter that may pertain to you.



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Murphy Financial Services, Inc. web site is at www.murphyEA.com If you misplace your newsletters, or your information sheets that I have given you (i.e. contributions, enrolled agents, etc.), you will be able to find them on the web site.

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PRIVACY POLICY
We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information only to IRS or state authorities and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.

Tax Proposals

With the presidential election coming up, candidates are sharing tax plans. Biden wants to increase taxes for those with income over \$400,000 as well as large corporations. He wants the social security tax to be withheld on employees making over \$400,000. In 2020 they only pay on wages up to

\$137,700. He wants to see lower- and middle-income people pay less taxes.

President Trump hasn't released specific plans other than lowering the top 20% capital gains rate to 15% and some vague proposals to give businesses credits for bringing their businesses back to the United States.

Beware Of Scams

On a regular basis, the IRS releases the "Dirty Dozen" of scams. Most of them are well-known: Phishing, fake charities, threatening phone calls, social media frauds, economic impact payments, senior deceptions, hoaxes targeting non-English speakers, unscrupulous return preparers, offer in compromise mills, fake payments with repayment demands, payroll and human resource rip-offs, and ransomware.

The sad thing is every year it

seems there are more and more fraudsters preying on others. It is their "job" to do this. Make sure you don't get sucked in by any of these predators.

Another area to be concerned about is working at home. Make sure your home computer equipment is secure. Predators are hacking into unsecured computers. Some people working at home use their own computers which are not as secure as those used at the office.

Refund Interest

The IRS is paying interest on refunds of tax returns filed

between April 15th and July 15th. The interest will be taxable income on your 2020 tax returns.

Child IRAs

If your child or grandchild works and has earned income, they are eligible to contribute funds to a Roth IRA. You could gift them money to put into their Roth IRA if they don't want to use their wages. Those contributions could be used later for college, their first home, or other things and they grow tax-free.

2019 Returns

This is your final reminder. Your 2019 tax returns are due by October 15, 2020. If you haven't gotten your information to us, you better hurry. The later you get it to us, the more you will pay to have your tax returns prepared. Why wait? Get it done now!

Starting in September we are in the office most Mondays, Wednesdays, Fridays and by appointment. Call first to make sure we are there or if you need an appointment. We also have a locked mailbox on our backdoor for drop-offs.

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