

HICKMAN & HICKMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

UPDATED January 16, 2021

Dear valued H&H clients,

As the coronavirus (COVID-19) continues to affect local communities and global economies, you may have concerns about your financial well-being. Or you may be wondering about how recently passed legislation impacts you. We're providing a high-level summary of some of the key provisions impacting individuals. As this crisis continues to evolve, we will update you with the latest information we can to the best of our ability.

Relief available

Watch out for potential Coronavirus related scams! Learn more about how to take extra precautions <https://www.irs.gov/newsroom/irs-issues-warning-about-coronavirus-related-scams-watch-out-for-schemes-tied-to-economic-impact-payments>.

Income tax provisions have not been changed for the 2020 Tax Year.

- **The individual tax return filing and payment deadline is April 15, 2021.**
- First quarter of 2021 estimated tax payment deadline is April 15, 2021.
- The Texas Comptroller Franchise Tax Return filing and payment deadline is May 17, 2021.

Recovery rebates:

- The 1st round of stimulus payments to individuals of \$1,200 (\$2,400 for joint filers) plus \$500 for each qualifying child were sent out around mid-April of 2020.
- The 2nd round of stimulus payments to individuals of \$600 (\$1,200 for joint filers) plus \$600 for each qualifying child are expected to be sent out between late-December 2020 to mid-January 2021.
- The payment is NOT taxable. If you did not receive the full amount you were entitled to, the difference will be included as a credit on your 2020 tax return; however, if you received more than you were entitled to, you will not have to repay the excess. You will receive Notice 1444 reflecting the total amount received.
- The stimulus payments begin to phase out for taxpayers with adjusted gross income (AGI) above \$150,000 for joint filers, \$112,500 for heads of households and \$75,000 for other individuals. Below is a link to help with any questions you may have: <https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know>

Retirement accounts:

- If you were over 70 ½ at Dec. 31, 2019 you won't have to take required minimum distributions (RMD) until the age of 72. If your retirement assets have taken a hit, not having to take an RMD may allow those assets to recover some value before you liquidate them.

Student loans:

- If you have a federally-held student loan, your payments will be suspended through January 31, 2021 and interest won't accrue during this period. Note that this relief does not apply to private student loans. For more information visit:

<https://studentaid.gov/announcements-events/coronavirus>

Other benefits:

- Other benefits are available including expanded unemployment, emergency paid sick and family leave benefits. Unemployment benefits are extended to self-employed and part-time workers.

<https://www.dol.gov/agencies/whd/pandemic/ffcra-employee-paid-leave>

For more relief information visit: <https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments>

Protecting our clients and staff

There are limitations on our physical work environment due to COVID-19; however, we're working to minimize disruptions and impacts to you so that we can still offer the same level of service and support you have come to expect from our team.

We have implemented procedures to protect the health and safety of our staff, clients and community including postponement of face-to-face meetings, however our office remains open for pickup and drop off of documents. We are available for phone conferences and video conferencing and as always, you are able to call our office to schedule a conference. Please have patience with us as we navigate through this unpredictable time in trying to meet your needs.

Our commitment to you

We care deeply for our community and whether you have tax, payroll or tax planning questions or need advice on ways to navigate the expanded benefits outlined above, we want to be available to help you.

During this unpredictable and challenging time, it's more important than ever to stay connected. We're in this together and our thoughts go out to all that have been impacted by this extraordinary situation.

Sincerely,

Hickman & Hickman, PLLC