

The logo for 'The Gehman COMPASS' features a stylized green mountain range inside a circular frame with a compass rose design. Below the graphic, the text 'The Gehman' is in a smaller font, and 'COMPASS' is in a large, bold, green sans-serif font.

The Gehman COMPASS

Volume 2 Issue 3

Fall 2021 Newsletter

2021 Tax Updates

This year's long list of tax law changes could appear as a surprise on your tax return—if you're not prepared. To help you out, we have compiled a list of the most important changes for the tax year 2021. Use this information now to help prevent surprises or frustration later when you file your return.

» Stimulus Reconciles in Your Favor

The third stimulus payment the IRS sent in March 2021 must be reconciled on your 2021 tax return, since it was an advance tax credit. If your stimulus payment was too small, you'll get the difference on your return. If your stimulus payment was too large (more than your 2021 credit), you will not need to repay anything. This is a win-win situation for the taxpayer! You should keep documents related to the stimulus payment for your accountant or provide the total amount you received.

» Expect More from Child Tax Credit

The child tax credit jumped from \$2,000 to \$3,000 per child ages 6 to 17 and to \$3,600 per child under age 6. For now, the increase is temporary and will expire after 2021. An additional change is that the credit is refundable. This means you can receive your child tax credit as a refund, even if your earned income is low or you have no earned income. With the increased credit, you could see a bigger refund on your tax return—but only if your income stays the same

and you did not receive the advance child tax credit payments. *For the 2021 tax year, Gehman Accounting will be implementing a \$20 surcharge for all returns with child tax credit.*

» A Word to the Wise on Advance Child Tax Credit

Have you been getting the advance child tax credit payments from the IRS? Keep in mind that your accountant will need to reconcile these payments on your tax return. Since these payments are "borrowed" from the child tax credit, they will lower the amount of credit on your return, which could cause either an increase in tax due or a decrease in your typical refund. The IRS will be sending a letter in January with the total of your advance payments. Save the letter for your accountant or provide the total amount you received. *Again, Gehman Accounting will be implementing a \$20 surcharge for all 2021 returns with child tax credit.*

» More Credit for Child and Dependent Care

The tax credit for child and dependent care is larger and refundable for 2021. Up to 50% of

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New Value Package for Tax Clients

Getting an IRS letter in your mailbox can be unsettling and taxpayers have been bombarded with a growing stream of tax correspondence this past year as the IRS grapples with the by-products of Covid. Several factors have contributed to the increase in correspondence: 1) stimulus payments, 2) advance child tax credit payments, 3) IRS offices being closed, 3) IRS staffing shortages, and 4) delayed processing of returns.

Not only has the volume of IRS correspondence increased, but also the complexity of resolving issues. The hold times for calls are much longer and reaching an agent can take multiple attempts. Many times, our office has been forced to mail documentation as the only way to address an issue.

Since this trend is likely to continue for the next year or two, Gehman Accounting is responding to the challenge by offering a new service for all tax clients. We are calling it the "Tax Value Package." This package gives our clients extra service throughout the year, not just at tax time.

With the Tax Value Package You Get:

- » All income tax correspondence resolved
- » One hour of phone consultations
- » One free amended tax return
- » Up to four hours of income tax audit representation

The Tax Value Package does not include service related to workers' compensation, unemployment, payroll, or sales tax. The service expires after one year.

What is the Fee?

The fee for your Tax Value Package will be provided by your accountant during the wrap-up of your return. At that time, you can choose to opt out of the package. If you do not opt out, your invoice for 2021 tax preparation will automatically include a surcharge for the "Tax Value Package." This service may still be canceled after you receive the invoice, but not after the invoice is paid.

Please Note: If you opt out of the value package, you will be charged for any additional tax service you need throughout the year at normal hourly correspondence rates, with a minimum fee of \$50 per incident. 🕊

Valuable Insight

The best insight comes from a combination of—

- » Quality Education
- » Business Experience

Our team has worked hard to have both.



Tax Reminders

» Plan Now for a Better Tax Return

Are you interested in seeing possible scenarios for your 2021 tax return? Depending on your situation, tax planning can pay big dividends. Call Gehman Accounting now to schedule a consultation with your tax accountant this fall.

» Stay Ahead of the 1099 Curve

Don't wait for January to think about 1099s. You can beat the January rush by gathering vendors' information now: Get their name, address, and Social Security number or Employer Identification Number (EIN). The easiest way to collect the information is by sending each vendor a W-9 form. You can find a blank W-9 online or contact Gehman Accounting for a copy.

» Return Your Tax and 1099 Organizers

If Gehman Accounting prepares your tax return, you can expect to receive a tax organizer by mail in December. Please answer the questions on the organizer and return it when your 2021 tax information is ready for us. A 1099 organizer will also be coming by mail if you filed 1099s with us last year. The 1099 organizer should be returned promptly in January, separate from other tax information. 🐦

QuickBooks Desktop Training Workshop:

- » **October 19–28, 2021 • 9 am to 12 noon**
- » Tuesdays and Thursdays, 4 classes
- » Early Registration price ends Sept 25, 2021
- » General Registration ends Oct 15, 2021
- » Attend in-person or join online

To register, visit our website or contact Denise:
717.354.8288 • denisem@gateam.com

Team Member Spotlight

Daryl Bowman



What's your role at GA and how long have you worked for the company?

- » Nearly five years, though not consecutive years, as IT Administrator.

What motivates you to wake up and go to work?

- » I'm constantly observing and finding creative ways to make GA a better place to work. My current role in IT has me putting more energy into specific projects that will improve my co-workers' lives by optimizing our technology.

How would you define a good leader?

- » Good leaders care about influencing others, whether it's two people or two thousand. They are easy to approach, care about how people are REALLY doing, see potential in others, and empower others to be leaders as well.

What do you enjoy about GA culture?

- » We have a friendly, cooperative, and inclusive environment where co-workers have each other's backs.

Tell us about your family.

- » I'm married and have a one-year-old son who is constantly teaching me new things.

How would you describe yourself?

- » I'm real, loyal, laidback, and usually up for a challenge. I'm average but extremely persistent, and "trying and trying" has allowed me to solve problems that felt impossible.

What do you do for fun?

- » I thoroughly enjoy spike ball and volleyball, but don't get to play enough of either. My free time is spent strolling around New Holland with my son or playing Clash of Clans. 🐦

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Bulletin Board

New Faces at Gehman

Llewellyn Martin - Sales Representative
Wendy Smith - Bookkeeping

Come see us at Eastool Expo!

September 24-25 - Solanco Fair Grounds

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child care expenses can be counted instead of the usual 35%. The maximum expense allowed is \$8,000 for one child and \$16,000 for two or more children. This translates to a total credit of either \$4,000 or \$8,000 depending on the number of children. The credit is also refundable. For example, if your tax bill was \$500 and you qualified for \$1,000 of child care credit, you would get a \$500 refund. Typically, you would lose any credit greater than your tax due.

» Less Itemizing for Charitable Deductions

Cash donations to charity are deductible this year even if you don't itemize them. You can take the standard deduction and still deduct up to \$300 per person for donations given in cash. Donated property like a car, food, or furniture is not eligible. For those who are married and filing jointly, the maximum cash deduction is \$600. Anyone who itemizes deductions may include charitable donations with their deductions as usual. 🐦