



Center for the Women of New York

Financial Literacy Series

Tax Workshop Part 4

TAX TRAUMA TERMINATED
Changes and More Changes



Hosted by

Cecilia Venosta-Wiygul, Vice President & Program Committee Chair

Guest Speaker

Kathleen M. Carroll, E.A.

Center for the Women of New York

The Center for the Women of New York advocates for women's rights and full equality for women. Since 1987 CWNY has been empowering women to reach their full potential by offering services that provide the skills, information, and support they need to address economic, emotional, and legal challenges.





Given the vast women's needs due to the pandemic, in 2021, CWNY's focus is Women's Health and Wellbeing (physical and mental) and Women's Financial Independence.



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SUPPORT SERVICES & CLASSES



EDUCATIONAL OUTREACH

Panel Discussions and Webinars on:

- Domestic Violence
- Trafficking Awareness
- Health and Wellness
- Financial Literacy and Independence
- Career Advancement



SERVICES

- Caregiver Support Group
- Women in Crisis Support Group
- ESL Classes
- Legal Team
- Fitness Classes
- Referrals



UPCOMING EVENTS

- Health Fair
- Career Conference
- Women's Art Exhibit
- Green Team-Sustainable Gardening classes and activities
- Book Club (Women's issues)
- Film Club (Women's issues)



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PowerPoint presentation at
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Q & A

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KATHLEEN M. CARROLL, E.A.

Kathy is a professional Accountant (Enrolled Agent to practice before the Internal Revenue Service). She has been practicing Accounting and providing Bookkeeping Services since 1981 to the present. She works with individual and corporate clients.

She directed and ran the Student Association Income Tax Preparation Program at Queens College for twenty-six years (1983-2009). She also ran an annual seminar at the International Students and Scholars Office at Queens College (2008-2017). These programs provided free, on-campus tax prep and advice to students.

She received a B.S. in Accounting from the C.W. Post Center of Long Island University and attended a graduate program at New York University.

KATHLEEN M. CARROLL, E.A.

Kathy volunteers at the Center for the Women of New York as current Treasurer and former Vice President of Finance. She provides job and vocational training, presents at our Financial Literacy Programs, and is the CWNKY Work Readiness Program Advisor.

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TAX TRAUMA TERMINATED

Changes and More Changes!

Highlights of Tax Law Changes for 2020 Returns

Yes. You are reading that correctly! The Internal Revenue Service has announced changes that will affect the 2020 tax returns that are currently being filed. This unprecedented action has caused this year's tax filing season to be extended to May 17, 2021, from the usual April 15 filing deadline. This extension applies to personal income taxes and includes the filing of New York State taxes as well. Other taxes that were due on April 15, 2021, such as estimated taxes for the first quarter of 2021, were not extended and hopefully were filed on April 15.

Sources:

[irs.gov](https://www.irs.gov)

[tax.ny.gov](https://www.tax.ny.gov)

Good news about unemployment benefits

One of the most significant changes is that the first \$10,200 of unemployment benefits has been declared tax free. This means that if a taxpayer received \$10,200 in unemployment benefits during 2020, all of that amount will be tax free. If one received more than that amount in benefits, the balance over \$10,200 will be considered taxable income. This is a big change from the start of the tax season, when 100% of unemployment was fully taxable.

New York State

As we discussed in Part 3 of our tax series, New York State is not obligated to follow the federal tax code, and in many cases they do not. In this case, New York State has joined thirteen other states in continuing to treat 100% of unemployment benefits as fully taxable. Because of this decision, we as New York residents will only receive a tax break from IRS, not from NYS.

Handling of Returns Already Filed

In mid-March, the IRS announced the good news regarding the tax treatment of unemployment benefits. But wait! Usually mid-March is very far into the tax filing season. So what happens to all the taxpayers who filed early, either on their own with free tax filing programs, or with their accountants? Typically, any changes to a filed return can only be done through an additional filing of an amended return (Form 1040X). The filing of this form would be costly in terms of both time and money.

A Solution

While at first not offering any solution to the dilemma of taxpayers who filed early and paid taxes unnecessarily, the IRS has recently announced that NO amended returns will need to be filed and that they will be handling all calculations for refunds will be handled internally. There are indications that these refund checks will be issued beginning in May. The amount of the refund will be based on the original return including filing status, deductions, tax credits, etc., so the calculations could be quite complex.

Recovery Rebate Credit

Another important new credit for 2020 is the Recovery Rebate credit. This fancy title refers to the stimulus checks that were issued by the U.S. Treasury in mid-2020 (April through August) and Dec 2020- Feb. 2021. This credit DOES NOT have anything to do with the \$1,400 stimulus checks that have been recently sent to the public. It is likely that the current stimulus and possible future payments will be addressed on 2021 tax returns,

Stimulus Checks

Any and all stimulus checks received in 2020 are non-taxable. The purpose of the Recovery Rebate Credit is for taxpayers who did not receive one or more of the payments in 2020 to apply for it on the 2020 tax return. Theoretically, through the use of this credit, all persons entitled to a stimulus check from last year will be able to receive it by an increase in their tax refund or a reduction in the amount of tax that may be owed.

Stimulus Amounts

The stimulus amounts sent out in 2020 varied in the first and second rounds. The first stimulus (mid 2020) was based on the 2018 tax returns, or 2019 if it had been filed (the 2019 tax season had been extended to July 15, 2020, so many persons had not yet filed their 2019 return at the time the first stimulus was issued). The first stimulus was \$1,200 per adult taxpayer, with an additional \$500 payment for each dependent under the age of 17. The second stimulus (Dec.2020-Feb.2021) was issued at a flat \$600 per person, including dependents of any age included on the return.

Stimulus continued

In order to maximize the benefit of the Recovery Rebate Credit, all taxpayers should check their bank statements carefully before beginning their tax returns. As 2020 was a very stressful year for all, many people may not recall if they received all the stimulus to which they are entitled or if they received the right amount. It is worth it to take a few extra minutes to verify what you actually were sent. Very interestingly, if for some reason you were sent too much money for your stimulus, IRS has advised that you DO NOT have to return it.

Nonfilers

As we learned in Part 1 of our series, there are many people out there who have neglected to file yearly returns, or possibly do not meet the filing requirements in a given year. How do these non-filers received the stimulus payments to which they are entitled? Most people who are receiving Social Security will receive the stimulus even if they do not file a tax return, since the U.S. Treasury has their bank information on file for direct deposit of monthly social security benefits. Taxpayers who filed tax returns without direct deposit information generally received the stimulus checks in the mail, much later than persons who filed with direct deposit.

Nonfilers continued

Although it is not typical for a person with income below the filing requirement to file a return, it would be a good idea to file a return this year in any case with your banking information included. This will ensure that IRS will have all the information it needs to send you any upcoming payments for stimulus or any other future programs that may be enacted in the future.

Nonfilers- New York City- NYC 210

Residents of New York City are entitled to a credit for New York City school taxes. This credit is typically included as part of one's New York State tax filing. This credit is \$63 for a single taxpayer, and \$125 for those filing a joint return. Non-filers can obtain this refund by filing a simple form: NYC 210. This form can be obtained at:

https://www.tax.ny.gov/pdf/current_forms/it/nyc210_fill_in.pdf

Extensions

Even with the tax season extended to May 17, many people still will not be ready to file their returns. If this is the case, a further extension of time can be obtained automatically by filing Form 4868 (IRS) and Form IT 370 (NYS). The filing of these forms by May 17, 2021, will allow you time to file your return by October 15, 2021. It is important to note that these extensions are only for the filing of the tax forms, NOT payment of any tax that may be due. If you think that you are going to owe tax, you MUST send in payment with your extension.

Coming Up - more benefits - Advance Child Tax Credit

Many of the recent tax law changes are part of the American Rescue Plan authorized by Congress in March 2021. More changes will be coming for the 2021 tax season. An important benefit coming soon will be the advance payment of the 2021 child tax credit at an expected rate of \$300 per month. These payments are expected to begin in July 2021 and will be based on the credit received in 2020. These payments will help families with children, but can only be received if a 2020 return is filed. For more information on the Child Tax Credit and advance payments;

<https://www.cnbc.com/2021/04/16/new-3000-child-tax-credit-what-to-know-about-monthly-payments.html?&qsearchterm=new%203000%20child%20tax%20credit>

End of the 2020 tax season?

Our Tax Trauma Terminated Series was originally designed as a three part program. With tax changes seeming to take place almost on a weekly basis this year, we felt that it was very important to continue the series in order to keep everyone up to date with the most recent information. A lot of money is being given out, and the best way to make sure you receive all that you are entitled to is:

FILE YOUR RETURN!!

Thank You!

Thank you for your participation in the Tax Trauma Terminated Series. As we are assuming that the tax season will actually end on May 17, our next webinar in the CWNY Financial Literacy Program will discuss basic steps in personal finance:

FEMALE FINANCIAL FREEDOM



Q & A

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RESOURCES

NYS Department of Taxation

tax.ny.gov

Internal Revenue Service

irs.gov

E-File

e-file.com

American Savings Education Council & Choose to Save

asec.org

Financial Literacy & Education Commission

mymoney.gov

Pension & Welfare Benefits Administration

<https://www.dol.gov/general/topic/retirement>

Social Security Administration

socialsecurity.gov

Women's Institute for Financial Education

wife.org

Women's Institute for a Secure Retirement

wiserwomen.org

AARP

aarp.org

Thank You!



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