





**CENTER FOR  
THE WOMEN  
OF NEW YORK**

**FINANCIAL LITERACY SERIES**

# **INCOME TAX BASICS FOR 2021 RETURNS**

**Guest Speaker: Kathy Carroll, E.A.**

# PROGRAMS

**Center for the Women of New York**  
  
Join CWNY for a Zoom Webinar  
Saturday, September 26  
10:00am – 11:00 am  
Art as Therapy



Presented by **Argie Moutafis-Agelarakis**  
Artist & Adjunct Professor at Adelphi University and the School of Visual Arts

This presentation will explore the history and role of Art Therapy, its uses and benefits. How the creative process serves to heal, particularly in times of personal crisis and turmoil, will be examined as well as the simple process of creating for pure pleasure and

## Health & Wellness in the Age of Quarantine Webinar



**CW NY**

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### PARENTING SCHOOL CHILDREN DURING A PANDEMIC WORKSHOP

Tips and resources to manage the stress of virtual and blended learning

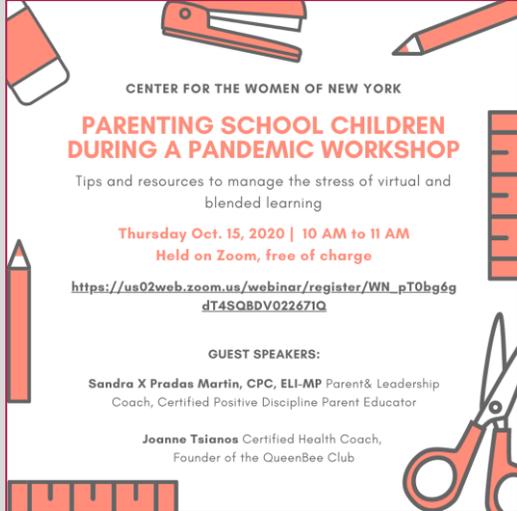
Thursday Oct. 15, 2020 | 10 AM to 11 AM  
Held on Zoom, free of charge

[https://us02web.zoom.us/webinar/register/WN\\_pT0bg6gdT4SQBDV022671Q](https://us02web.zoom.us/webinar/register/WN_pT0bg6gdT4SQBDV022671Q)

**GUEST SPEAKERS:**

**Sandra X Pradas Martin, CPC, ELI-MP** Parent & Leadership Coach, Certified Positive Discipline Parent Educator

**Joanne Tsianos** Certified Health Coach, Founder of the QueenBee Club



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### THE POWER OF FINANCIAL INDEPENDENCE COVID AND BEYOND

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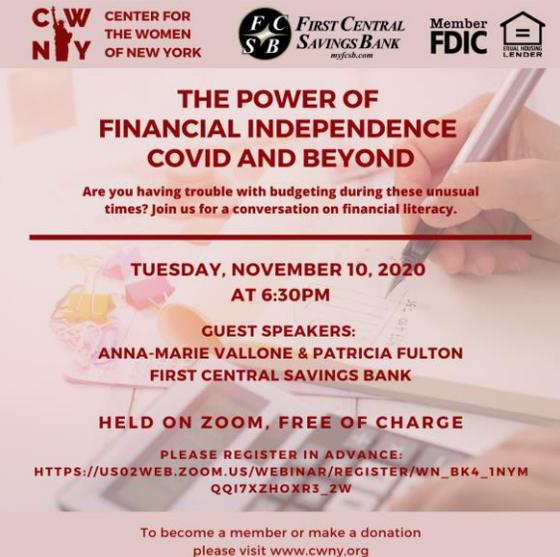
**TUESDAY, NOVEMBER 10, 2020 AT 6:30PM**

**GUEST SPEAKERS:**  
**ANNA-MARIE VALLONE & PATRICIA FULTON**  
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### INTIMATE PARTNER VIOLENCE AND STALKING AWARENESS PANEL DISCUSSION

*A discussion on the response to Intimate Partner Violence and Stalking and resources available to victims and providers from the NYPD, Safe Center of Long Island and Mount Sinai SAVI.*

**Tuesday, January 19th, 2021**  
**7 to 8pm via Zoom**  
Register at [tinyurl.com/cwny-ipvsa](https://tinyurl.com/cwny-ipvsa)

**Panelists:**

Sgt. Joseph Alohan  
NYPD Domestic Violence Unit

Keith Scott  
Director of Education at  
The Safe Center

Alpana Patel, LCSW  
Program Coordinator/Clinician at Mount Sinai Sexual Assault and Violence Intervention (SAVI) Program

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CENTER FOR THE WOMEN OF NEW YORK



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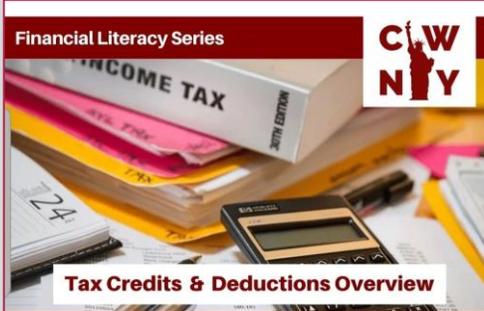
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Financial Literacy Series 



## Tax Credits & Deductions Overview

Join us for the second part of our tax workshop, in which we will learn about tax credits and deductions:

- earned income
- child credit
- dependent care
- education

To view part one, on filing taxes visit <http://cwny.org/past-events/>

Wednesday, February 17th, 2021  
8 - 9pm via Zoom

Guest Speaker, Kathleen Carroll, E.A.

Register via [tinyurl.com/financial-2021](https://tinyurl.com/financial-2021)



CENTER FOR THE WOMEN OF NEW YORK

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### ZUMBA CLASS

via Zoom  
Wednesday 6pm  
Friday 9am

### CARDIO RESISTANCE CLASS

via Zoom  
Tuesday 8am  
Thursday 8am

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▶ [cwny.org/past-events](https://cwny.org/past-events)



## Q & A

Your questions will be addressed after the presentation.

Use the Chat Box at the bottom of your Zoom screen to ask questions.

If you dialed in, email your questions to [events@cwny.org](mailto:events@cwny.org)





Help us learn what geographic areas we are reaching with our financial literacy series.

Click the link in the chat box.

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**FINANCIAL LITERACY SERIES**

# **INCOME TAX BASICS FOR 2021 RETURNS**

**Guest Speaker: Kathy Carroll, E.A.**

# **CWNY FINANCIAL LITERACY SERIES**

**INCOME TAX BASICS FOR 2021 RETURNS**

Welcome and thank you for joining the webinar!

The Tax season for the preparation of 2021 Income Tax Returns is well underway. By mid-February, most taxpayers have received their W2 forms, bank interest statements, and other documents that are necessary to do their taxes. In general, the tax law has remained the same as it was in 2020. The major differences for 2021 involve pandemic related items including stimulus payments, taxability of unemployment insurance, and the advance child tax credit.

# Income Documents

The most common types of income and the documents that people typically receive to report it:

W2 (wages)

1099 NEC (self-employment/independent contractor)

1099G (unemployment compensation)

W2 forms are received in a typical employment situation where a person works for a company. The W2 will show one's earnings for the year as well as any deductions for 401K, social security and medicare tax withheld, and federal, state and city tax withheld.

## Income Documents

The 1099 NEC replaced the older 1099 MISC in 2020 as a document to report self-employment/independent contractor income. Unlike a W2 form, where a tax return must be filed only if income exceeds the standard deduction OR if tax is withheld, the recipient of a 1099 NEC must file if the income reported exceeds \$600. In most instances, the recipient of a 1099 NEC will report the income on Schedule C (Profit or Loss form Business), and will be able to deduct business expenses spent in earning the income.

## Unemployment Benefits - Form 1099G

Over the last two years, many people have been unemployed due to the effects of the pandemic. Due to the pandemic, the federal and state governments extended the time frame in which people could collect unemployment benefits. The federal government also gave increased benefits for a period of time. Because of this, many people collected significant unemployment benefits in both 2020 and 2021.

## Unemployment Benefits - continued

In 2020, in the middle of the tax season, the federal government announced that the first \$10,000 of unemployment benefits would not be taxed. New York State did not follow along with this: In 2020, all unemployment benefits received were fully taxed by New York State.

**For 2021, all unemployment benefits received are fully taxed by both the federal government and by New York State. There is no current \$10,000 exemption in effect.**

## 1099G

For many years, the New York State Department of Labor has not mailed out statements to recipients of unemployment benefits. The only way to obtain your 1099G is to go onto the NYS Department of Labor website to download and print the document so that your accountant/tax preparer can have the correct amount of your benefits received as well as any federal and state tax withholding amounts (if any).

## Unemployment withholding

A major problem that may arise in 2021 is that many taxpayers who received unemployment during the year may have had little or no tax withheld. This has already created some issues, as some taxpayers have received a lower refund than expected or have had to pay tax. This is particularly true in the case of New York State/New York City returns, as the Dept of Labor does not provide withholding for New York City.

## Credits and Deductions Defined

The terms “Credits” and “Deductions” are both money-savers for the taxpayer. Many taxpayers can benefit from either one or the other, and sometimes both!

A CREDIT will directly reduce your tax on a dollar for dollar basis. Some credits, such as the Earned Income Credit (EITC) and certain Education Credits, will even refund you the amount by which the credit exceeds your tax liability!

A DEDUCTION is an allowable item that will reduce your taxable income so that your tax liability will be lower. Deductions do not reduce tax liability on a dollar for dollar basis; the benefit is based on your own tax rate.

## DEDUCTIONS

Deductions are an allowable amount that reduce one's income in arriving at taxable income.

All taxpayers **MAY** choose to use the basic standard deduction to calculate their taxable income. Most taxpayers will **HAVE** to use the standard deduction if their potential itemized deductions do not exceed the standard deduction threshold.

## Standard Deduction

The Standard deduction is the basic amount allowed to reduce income. The amount of the standard deduction is based on one's filing status. The standard deduction has increased only slightly for 2021 as compared to 2020, but even a slight increase will lower one's taxes a bit.

## Standard Deduction Amounts for 2021

The following amounts apply to the 2021 tax year:

Single	\$12,550	(increased from \$12,400 in 2020)
Married Filing Jointly	\$25,100	(increased form \$24,800)
Head of Household	\$18,800	(increased from 18,650)
Married Filing Separately	\$12,550	(increased from \$12,400)

## Standard deduction levels for New York State

The standard deduction amounts for New York State and New York City differ from the federal amounts. The 2021 amounts for NYS/NYC are:

Single	\$ 8,000
Married Filing Jointly	\$16,050
Head of Household	\$11,200
Married Filing Separately	\$ 8,000

Unlike the federal standard deduction, these amounts have not been increased from 2020.

## Itemized Deductions

Itemized deductions are a list of specific items that, when grouped together, will lower your taxable income IF they exceed the amount of your allowable standard deduction. For example, if a single person has itemized deductions in the amount of \$13,000, it would be beneficial to use this amount rather than the allowable standard deduction of \$12,400. The process is not as straightforward as it appears, however, as we will see shortly.

## Types of Itemized Deductions

Itemized Deductions available to taxpayers include:

**Medical Expenses** including insurance premiums, out-of-pocket expenses, co-pays, vision and dental expenses, travel to and from doctors' offices such as cost of taxis are also deductible. **HOWEVER**, your medical expenses must exceed **7.5%** of your income before you can use one dime of them. For **example**, if your income is **\$50,000**, your medical expenses would have to exceed **\$3,750** before any of the amount becomes usable, and then only the difference between the amount and the base is counted toward the deduction.

## Itemized Deductions - continued

Other types of itemized deductions include:

**State and local taxes** withheld from one's pay during the year, as well as any balance due paid on a prior year's state tax return.

### **Real estate taxes**

These two itemized deductions are referred to as "SALT" (state and local income taxes). The SALT deduction is currently limited to \$10,000 per taxpayer. There has been much controversy about this limitation, particularly here in New York and several other highly taxed states, including our neighboring states, New Jersey and Connecticut. In fact, the SALT limitations impact approximately ten states or less throughout the U.S. Although there has been some discussion regarding revision of the SALT limitations, it is still in effect for 2021 tax returns.

## List of itemized Deductions continued

### **Mortgage Interest**

Mortgage Interest includes interest paid to banks and private lenders, and includes points and origination fees paid on a purchase.

If you purchased a home this year, you should look at your closing statement closely as you may have paid mortgage interest and real estate taxes that may not appear on the Form 1098 that your lender provides.

## Charitable Contributions

Charitable contributions can be deducted for both cash and non-cash items. If a cash contribution of more than \$250 is made to a single recipient such as a church or charitable organization, a receipt is required to be kept in your records. Noncash contributions such as clothing and household items must have a receipt for contribution amounts over \$500. Many people believe that, in the case of a noncash contribution, the organization will let you know the amount. This is not the case. The organization will only provide a receipt saying the item was donated. It is up to the taxpayer to estimate the amount.

## Charitable Contributions - Non Itemizers

Charitable contributions have always been a favorite itemized deduction, It helps taxpayers save money, and it assists those that need our help.

In 2021, non-itemizers may deduct up to \$300 for their charitable contributions. So even if you are not able to itemize, you can still use up to \$300 of charitable contributions to reduce your taxable income.

## A Word on Miscellaneous Job Expenses

With the introduction of the TCJA (Tax Cuts and Jobs Act of 2017), the deduction for miscellaneous job expenses such as union dues, workclothes, work tools, work travel, job related education, and other items of this type have been eliminated for nearly every type of occupation. So there is no need to hang on to small receipts for items of this type, as they are no longer deductible.

**EXCEPTION:** Teachers are allowed a \$250 adjustment to income for their purchase of school and classroom supplies. For 2020, this includes the purchase of PPE, disinfectant, and other safety supplies for the classroom related to COVID-19.

## Bottom Line on Itemized Deductions

The bottom line on itemized deductions is this:

Due to the limitations placed on them (limit on medical expenses, SALT cap, etc.), most taxpayers will not be able to itemize and will use the standard deduction. Itemized deductions can be most frequently used by taxpayers who own homes and have significant mortgage interest to deduct.

# Credits

Unlike a deduction, a tax credit can save a taxpayer money on a dollar for dollar basis. In some cases, if your tax is reduced to zero by a credit, you may be able to receive the additional amount of the credit. This is known as a “refundable” tax credit. A quick overview shows at least twenty credits (non-refundable and refundable) available to the average taxpayer. These include the Earned Income Credit, the Child Tax Credit/Additional Child Tax Credit, and Education Credits (American Opportunity and Lifetime Learning Credits). These credits help families raise and educate their children.

## Earned Income Credit

The Earned Income Credit is a refundable credit based on income and family size. Although mostly designed to help families, this credit is available to single persons and married couples with no children. There is an age requirement (taxpayers must be between the ages of 25 and 65 to be eligible for the Earned income Credit). In all cases, the Earned Income Credit is determined based on a sliding scale based on the relationship between your adjusted gross income and your earned income. Earned income is defined as money received from a job (W2) or net income from self-employment (1099 NEC/Schedule C).

## Advance Child Tax Credit

A major development in mid 2021 involved the Child Tax Credit (reported on form 8812). This credit has always been a refundable credit, but until mid 2021, it had to be obtained by filing a tax return. Beginning in July 2021 and ending Dec. 31, 2021, up to one-half of the Child Tax Credit was sent to families **in advance**, based on information from either one's 2019 or 2020 tax return.

## Child Tax Credit Amounts Received

For children under five years old, a family could receive \$300 per month for the six months the program was in effect. For families with children ages 6-17, an amount of \$250 could be received. **The amounts received in advance in 2021 will reduce the amount of the credit received on the 2021 tax return.** The IRS has been sending out a letter to taxpayers (Form 6419) which tells them exactly how much was received in 2021. If a Form 6419 is not received, one can confirm the amount on the IRS website through the Child Tax Credit Portal ([irs.gov/advctc](https://irs.gov/advctc))

## Wrap-Up

The Advance Child Tax Credit discussed tonight is one of many credits that are available that can help taxpayers reduce their tax liability.

Information on these credits can be found at:

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

Thank you for your attendance. Our next topic in our series will be an in-depth look at some of the other credits available to taxpayers including the Earned Income Tax Credit (EITC).



**Thank you, Kathy Carroll**

# UPCOMING EVENTS



## CAREER WORKSHOP SERIES

### **Networking for Career Success: Make Valuable Connections**

Thursday, March 3<sup>rd</sup> 12 PM

## FINANCIAL LITERACY SERIES

### **2021 Income Tax Prep Continued**

Wednesday, March 16<sup>th</sup> 8-9PM

# UPCOMING EVENTS



**Tax Filing Preparation One on One  
March and April**

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