



January 22, 2022

The Treasury Inspector General recently announced that almost *15 million* tax returns filed during 2021 remain unprocessed. Errors are a leading factor, so accuracy is more critical than ever. Last year less than 10% of the returns I prepared came with complete information, creating unnecessary delays. To help you gather what is needed, I included a list and a brief organizer in this packet. To reduce delays, I am instituting a new policy:

Return preparation will not begin until the basic tax organizer is complete.

It is a single sheet, double-sided, that includes all of the basic personal info I need. Be sure to review and, if necessary, correct the information listed, and add any missing information. Areas of particular importance include ID and banking info, and estimated tax payments, if any were set up. If banking info is correct, please initial. If ID info is up to date, nothing more is needed. If you made ES payments, write the dates paid.

I am also including an engagement agreement for preparation of your tax return. It outlines what you can expect from me and what I will expect from you to prepare a complete and accurate return. Once you have reviewed the engagement agreement and verified the information on the organizer is correct, please sign and date the second page of the organizer as indicated and return it to me.

There is a separate section for clients with children. If you are claiming dependent children, this provides you with information about what I need for you to claim them and their related tax credits.

Cyber security is more important than ever, and the IRS requires me to keep your sensitive information private. If you have an email account on file with me, I have set up a client portal for your use. **Email is not secure** so please never send your sensitive tax documents via email. Either use the client portal or send your information physically, either via the USPS or a delivery service such as UPS or FedEx. Priority mail provides tracking and security, typically arriving within two days, for a reasonable cost.

In 2021 an unprecedented number of refunds were late, some by months. Please understand that once I have electronically filed your return, there is *nothing further I can do* to speed up processing of your refund.

With your help I can prepare your return in an efficient manner, getting your tax return prepared in a timely manner. Please let me know if you have any questions or concerns. I look forward to working with you this year!

Regards,

Barbara K Boyd EA
BTS TAX LLC

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2021 Information Pertaining to the American Rescue Plan Act (ARPA)

On March 11, 2021, the President of the United States signed into law the American Rescue Plan Act (ARPA) that authorized a third round of stimulus payments and advanced payment of the Child Tax Credit. The IRS issued notices that provided the amounts you received for these payments. This information is necessary to accurately complete your 2021 individual tax return. Information provided below explains what notice you received and how to obtain the information if you no longer have the notice or have yet to receive a letter.

Stimulus Payment (Economic Impact Payment (EIP))

The third round of EIP or stimulus payments began mid-March 2021. Individuals could have received up to \$1,400 (\$2,800 for married couples filing a joint return). Qualifying dependents may have also received \$1,400. Unlike the first two payments, EIP3 was not limited to children under 17. Families may have received the payment based on all of the qualifying dependents claimed on the tax return. Most families received \$1,400 per person, meaning, a single person with no dependents may have received \$1,400 while a family of four may have received \$5,600. Notice 1444-C was sent following the payments and Letter 6475 will be issued in January 2022 with a combined total.

If you no longer have Notice 1444-C, or have not received Letter 6475, log in to your IRS Online Account to get the accurate amount of EIP3 received.

1. Go to irs.gov.
2. Select "View Your Account Information."
3. Select "Log in to your Online Account" and follow the prompts provided.

Advance Child Tax Credit Payments

Under ARPA, the maximum amount for the Child Tax Credit (CTC) was increased from \$2,000 to \$3,600 for each child 5 years old and under. For children ages 6 - 17, the maximum increased to \$3,000. In July 2021, eligible families that did not opt out began receiving advanced CTC payments up to \$300 per month for each child age 5 and under and up to \$250 for each child between the age of 6 and 17. IRS will issue Letter 6419 to provide the amount received per taxpayer and how many children were taken into account to determine the amount received.

If you no longer have Letter 6419, or have not yet received it, follow the directions above to log in to your online account to access the Child Tax Credit Update Portal or log directly in to the portal using the instructions below. For married couples filing a joint return, the taxpayer and spouse will both need to log in to get the amount apportioned to each taxpayer.

1. Go to irs.gov.
2. Select "Child Tax Credit Update Portal."
3. Select "Manage Advance Payments" and follow the prompts provided.

2021 Tax Organizer Personal Information

Personal Information

	Name	SSN	Has IP PIN	Date of birth
Taxpayer				
Spouse				
Name of person to whom all information should be addressed, if not the taxpayer				
Street address, city, state, and ZIP				
	Occupation	Daytime phone	Evening phone	Cell phone
Taxpayer				
Spouse				
Taxpayer email				
Spouse email				

Filing status at the end of 2021

- ☐ Single ☐ Married ☐ Widowed - If widowed and your spouse died in 2021, enter the date of death _____
☐ Married filing separately - If married but filing separately, did you live apart from your spouse for the last six months of 2021? _____

Yes No

- ☐ ☐ Are you or your spouse blind?
☐ ☐ Are you or your spouse disabled?
☐ ☐ Are you or your spouse a full-time student?
☐ ☐ Do you or your spouse want to designate \$3 to go to the Presidential Election Campaign Fund?
☐ ☐ At any time during 2021 did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?
☐ ☐ If you were 18 years of age, or under 24 and a student, at the end of 2021, were you in foster care on or after turning 14 years of age and agree this status can be disclosed to the IRS?
☐ ☐ If you were 18 years of age, or under 24 and a student, at the end of 2021, were you homeless or at risk of becoming homeless and supporting yourself?
☐ ☐ Was your earned income in 2021 less than your earned income in 2019?
 If "Yes," enter the amount of your 2019 earned income. _____
☐ ☐ Did you receive the third stimulus payment (Economic Impact Payment or EIP) in 2021?
 If "Yes," enter the amount received for each taxpayer and provide Notice 1444-C or Letter 6475 from the IRS.
 Taxpayer _____ Spouse _____

Identification Information

Taxpayer's type of photo ID

- ☐ Driver's license ☐ State-issued photo ID

Photo ID number _____

State photo ID was issued _____

Date photo ID was issued _____

Date photo ID expires _____

Spouse's type of photo ID

- ☐ Driver's license ☐ State-issued photo ID

Photo ID number _____

State photo ID was issued _____

Date photo ID was issued _____

Date photo ID expires _____

Account Information for Deposits and Withdrawals

Name of bank	Bank routing number	Bank account number	Type of account		Use this account for	
			Checking	Savings	Deposits	Withdrawals

Appointment Information

Your 2021 appointment is scheduled for _____

Dependent and Other Information

Name: _____

SSN: _____

Dependent Information

First and last name SSN	Has IP PIN	Relationship	Months in home	Date of birth	Disabled	Full- time student	Childcare Expenses

List dependents required to file a return _____

Yes No

☐ ☐ Did you receive advance payments of the Child Tax Credit from the IRS at any time from July through December 2021?

If "Yes," enter the amount each taxpayer received and the number of children taken into account to determine the amount received as shown on IRS Letter 6419, box 2. Or, provide Letter 6419 from the IRS.

Taxpayer _____

Spouse _____

☐ ☐ If you were married last year and filed a joint return with your spouse, are you filing a joint return with the same spouse this year?

Child and Other Dependent Care Expenses

Name of care provider	Address	SSN or EIN	Amount Paid

Estimates

	Federal		Resident State		Resident City	
	Date paid	Amount	Date paid	Amount	Date paid	Amount
Overpayment applied from 2020	_____	_____	_____	_____	_____	_____
First quarter	_____	_____	_____	_____	_____	_____
Second quarter	_____	_____	_____	_____	_____	_____
Third quarter	_____	_____	_____	_____	_____	_____
Fourth quarter	_____	_____	_____	_____	_____	_____
Additional payments	_____	_____	_____	_____	_____	_____

SIGNATURES

I/We acknowledge that we have read the engagement agreement and that the information we have provided, including this Organizer, is true, correct, and complete to the best of my/our knowledge.

Taxpayer Signature _____

Spouse Signature _____

Date _____

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2021 TAX INFORMATION NEEDED – PLEASE READ CAREFULLY

I need your *completed* personal tax information organizer.

Other information needed to prepare your return:

- All forms W-2 or 1099, including 1099-MISC, 1099-NEC, 1099-R, etc.
- Interest income: Banks are not required to issue a 1099-INT if the amount is less than \$10. However, they will usually tell you on the last statement of the year how much you received.
- Brokerage statements: If you had any stock transactions, including dividends, trades, sales, etc., you should have received a packet from your brokerage firm reporting all of this.
- Form 1095-A if you participated in the Marketplace and qualified for a reduction of premiums.
- You should receive letter 6475 outlining how much you received for the third stimulus payment. If you receive a letter, include it with your tax info. If you did not receive the third stimulus, you will not receive the letter. If you received the stimulus but not the letter, let me know the amount you received. Please be sure it is accurate! If it is not, processing your return will be delayed and your refund or tax due will change.
- Forms 1098: These include mortgage information and tuition information (1098-T)
- Business income: If you have your own business and you have always provided your list of income and expenses in a certain manner, you can continue to do so.
- Farming income: Again, if you have your own way of reporting this, continue to do so. Please be sure to include information regarding sales of livestock, hay, or other crops. On the livestock sales it is important to note if you sold breeding stock or calves you raised. Call for more info.
- Rental income: Airbnb, VRBO; if you rented a portion of your home, a vacation home, or simply had a regular rent house, I need to know about it. There are some important rules regarding vacation rentals; call for more info.
- For 2021, cash contributions of up to \$300 (\$600 if married) can be deducted even if you do not itemize deductions. Non-cash such as Goodwill are not allowed. Crowd funding such as Go Fund Me are not allowed. Only legitimate 501(3)c charities qualify. If you think you are eligible for itemized deductions, include all non-cash charity as well (please separate and label these amounts to include the charity name and address).
- Medical expenses, including any health insurance premiums you paid out of pocket (does not include pretax payments deducted from your paycheck).

Basically, anything you received in January marked **Important Tax Information** should be included with your tax information. When in doubt, either send it or call me about it.

FOR MORE INFORMATION CONTACT BARBARA AT (940) 393-3590 OR
BARBARA@BARBARASTAXSERVICE.COM
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TAXPAYERS WITH DEPENDENT CHILDREN

Pandemic relief bills were more generous than ever to parents of dependent children. You could be entitled to child tax credits of up to \$3,600 per child and childcare tax credits of up to \$8,000. These raises are short-lived, they are only for tax year 2021, unless Congress chooses to extend them (so far they have not).

You may have already received advance child tax payments of either \$250 or \$300 per child, per month. They began in July 2021 and stopped after December 2021. You may have received some by check and some by direct deposit. You may have opted out of these payments. If you did opt out and end up qualifying for them, you will receive them with your tax filing. If you did not opt out and end up *not* qualifying for them, you will be required to repay them with your tax filing.

Childcare tax credits are available to parents of children under 13 for whom you paid childcare. It doesn't matter if it was private care or regular daycare. However, to be eligible, the payer must provide you with their name, address, their identifying number (social security or employer identification number), and the amount you paid. So, if you paid a relative who is not reporting this income or another "ghost" childcare provider who is not reporting their income, your payments to them do not qualify for this credit. Since the credit can be up to 50% of the first \$16,000 you paid (and it's refundable!), this is a large and important credit.

I am required to keep copies of proof that the child(ren) you are claiming are indeed your children and do reside with you. A copy of a medical record, birth certificate, social security card, or Texas ID card will suffice as proof this is your child. School or daycare records of some sort suffice as proof of residence. The proof of residence is normally not required of joint filers unless the child(ren) is/are from a previous marriage. A copy of the child custody portion of the divorce agreement should suffice, or simply a signed statement that the child(ren) resided with you for at least 183 days in 2021 (time away for school, camp, etc., counts).

If you are a single parent seeking to file as Head of Household, I must maintain record of some sort of proof that you provided more than 50% support for your child and that you paid to house that child. In other words, if you are residing with a parent or other person who is paying all of the household expenses, you do *not* qualify as head of household.

To claim the Earned Income Credit, you must be able to demonstrate your income is within the eligible parameters, that your child(ren) was/were supported by you and lived with you more than half of the year, that your home was in the US for the entire year and that you and your dependents are US citizens. You may be eligible for this credit even if your spouse claimed your children by order of your divorce decree. You must be able to demonstrate your eligibility as outlined above. If this may apply to you, please let me know.



2022 TAX PREPARATION ENGAGEMENT AGREEMENT

Thank you for choosing BTS Tax LLC to assist you with your income taxes. This letter confirms the terms of my engagement with you and outlines the nature and extent of the services I will provide.

I will prepare your federal income tax return for tax year 2021. I will depend on you to provide the information I need to prepare complete and accurate returns. I may ask you to clarify some items but will not audit or otherwise verify the data you submit.

I will perform accounting services only as needed to prepare your tax return. My work will not include procedures to find defalcations or other irregularities. Accordingly, my engagement should not be relied upon to disclose errors, fraud, or other illegal acts, though it may be necessary for you to clarify some of the information you submit. I will inform you of any material errors, fraud, or other illegal acts I discover. The law imposes penalties when taxpayers underestimate and under pay their tax liability. Contact me if you have concerns about such penalties.

Should I encounter instances of unclear tax law, or of potential conflicts in the interpretation of the law, I will outline the reasonable courses of action and the risks and consequences of each. I will ultimately adopt, on your behalf, the alternative you select.

My fee is based on the time and skill level required to complete your return in an accurate and timely manner. Invoices are due and payable upon presentation. Your return will not be released (other than an electronic review copy) or electronically filed until payment is received. New clients may be required to provide a 50% retainer before work will commence.

I will return your original records to you at the end of this engagement. Store these records, along with all supporting documents, in a secure location. I retain copies of your records and my work papers from your engagement for up to four years, after which these documents will be destroyed.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, sign as indicated on the signature sheet provided and return it to me.

Regards,

Barbara K Boyd EA
BTS TAX LLC



TAX PREPARATION PRICING

FORM 1040 – INDIVIDUAL INCOME TAX RETURNS

- **SIMPLE Starting at \$250:** Includes up to six (6) of the following source documents:
 - Form W-2 (Wages, with taxes withheld)
 - Form 1099-INT (Interest Income) **or** 1099-DIV (Dividend Income)
 - Form 1099-R (Retirement income)
 - Form 1099-SSA (Social Security income)
 - Form 1099-G (Unemployment income)
 - Additional documents exceeding 6 billed at \$20 each
- **BASIC Starting at \$350:** Includes Simple plus any 3 of the following:
 - Dependent children under 18
 - Childcare credit **or** College credits/deductions
 - Itemized deductions
 - 1099-MISC, 2 or less (Royalties, prizes, other non-SE income)
 - Schedule K-1, 2 or less
 - 1099-B, 6 trades or less
 - 1099-S
 - Additional items exceeding 3 billed at \$50 each

BUSINESS ADD-ONS

- **SMALL BUSINESS OR FARM (Schedule C or F) Starting at \$150:** Things that could increase that:
 - Multiple 1099-NEC and/or 1099-K
 - Fixed Assets exceeding ten (10)
 - 1040-ES – Tax planning and estimate preparation
- **RENTAL PROPERTIES Starting at \$100 each**

STATE INCOME TAX RETURNS – Starting at \$75 each

FORM 1041 – TRUSTS AND ESTATES – Starting at \$350

BUSINESS ENTITY RETURNS (Forms 1065, 1120, 1120-S) Includes Texas Franchise Tax Starting at \$1,000

DISCLAIMER: Please remember these are starting prices and based on typical time and skill. Missing, incomplete, complex, or disorganized records will affect pricing. This list is a guideline only, and your charges may be different. New clients are required to provide a 50% retainer before preparation begins. Contact Barbara Boyd directly if you have any questions regarding your bill. Thank you.

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