



## IMPORTANT UPDATES ABOUT BTAS PRACTICES, COVID-19 IRS UPDATES AND STIMULUS

### What we are doing at Baker's Tax and Accounting?



As many of you have already been made aware, we are currently conducting phone conferences through Saturday, March 28th. We have since decided to **extend virtual/phone conference appointments through Saturday, April 4th**. If you already have an appointment on the schedule for this time frame, please be on the look out for a phone call or email offering further guidance or feel to contact us. This practice may be extended as new information and guidelines are presented.

We know during this time you will experience a longer than normal delay considering we are operating fully virtual, so we ask that you continue to be patient and know that we are working very hard to provide you quality service during these challenging times. If you have an appointment scheduled we are asking that you allow 24-48 to be contacted. Please be reminded our office hours are Tuesday - Friday 10-7 and Saturday 10-6. Your patience is appreciated more than you know. We will only make it through this time working together.

We also recognize that payments for our services may be difficult at this time so we would like to remind you of your ability to remit payment via your refund and **now thru June 1st we will assume the cost of the bank fee on your behalf**. If you will not receive a refund you may speak with your tax preparer directly about any necessary payment arrangements. We will be glad to assist in reasonable way possible.

***Please read below for answers to many of your burning questions***

## TAX UPDATES REGARDING COVID-19 STIMULUS CHECKS AND MORE!

CONGRESS PASSED THE CORONAVIRUS AID RELIEF AND ECONOMIC SECURITY (CARES) ACT

Here are some important points about the ACT and the Stimulus payments:

- When will the stimulus payments come out? It is anybody's guess. The Secretary of the Treasury, Mnuchin, said by April 6<sup>th</sup>; the IRS is saying three to four weeks; past experience with rebate checks has shown that **a month is more realistic**. Some are reporting through December 31st.
- If the taxpayer received a refund on their 2019 (or 2018) tax return and the funds were direct deposited into their bank account or debit card, then the **stimulus payment will be deposited into the same account, otherwise a check will go to the address on file**.
- **What happens if you moved, changed banks, had a baby, got married/divorced, etc.** etc. etc. – we don't know. The IRS will be putting out instructions on this.
- **The stimulus payment is actually an advance based on Adjusted Gross Income (AGI) for 2020**. But since we do not know that amount is until 2021, they are basing it on the AGI reported on the 2019 tax return and if that has not been filed then the payment is based on the AGI reported on the 2018 tax return.
- **There are income limitations for the stimulus payment** – for single taxpayers with an AGI under \$75,000 they will receive the full stimulus payment of \$1,200; between \$75,000 and \$99,000 there is a sliding scale; and no stimulus payment if the AGI exceeds \$99,000. For a married couple the numbers are doubled: under \$150,000 AGI they will receive \$2,400; between \$150,000 and \$198,000 AGI there will be a sliding scale; and no stimulus payment if AGI exceeds \$198,000. Head of Household limitation starts at \$112,500 and fully phases out at \$136,500.
- For dependent children under the age of 17, the stimulus payment is \$500 (which also phases out depending on AGI). What happens if you have other dependents on your return? The first read is that **there will be no stimulus payment for dependents other than qualifying dependent children**.
- If the taxpayer is a non-filer then the process is to look at the social security records to see if income has been reported for the taxpayer
- For recipients of **Social Security and veteran's benefits** they will also receive the stimulus payment even if they have not had a filing requirement – and **no tax return is required to be filed in order to collect the benefit**. The funds will be deposited into the same account their monthly benefit check is deposited.
- The **stimulus payment is not taxable**, however, there is to be a reconciliation process on the 2020 income tax return to determine if you should have received more if the stimulus payment was limited due to your 2019 (or 2018) income and your 2020 income dropped or if you owe back any excess of the stimulus payment if your income in 2020 went up. There are two versions of this out there and we will wait until we get guidance from the IRS.
- **How do I know when my check is sent?** According to the bill, you will get a paper notice in the mail no later than a few weeks after your payment has been disbursed. That notice will contain information about where the payment ended up and in what form it was made. If you cannot locate the payment at that point, it would be time to contact the IRS using the information on the notice.
- The bill also calls for **everyone who is eligible for the stimulus payment to have a social security number** with an exception for the military. Until we get final confirmation from IRS counsel regarding ITINs, this is the interpretation of the law.
- **What if the taxpayer owes the IRS money?** The stimulus **payment will be sent to the taxpayer**, it will not be applied towards any outstanding tax liability.

## [Contact Us](#)

## Frequently Asked Questions

There is no current guidance on if the extension deadline will be extended or if you need to file an extension on July 15th if you still are not ready to file by then.

been filed or extended by March 16th. If you have an active business return with us these extensions were already filed, as a courtesy, on your behalf.

Reports and Personal Property Returns for businesses.

**Will your office extend its tax season in conjunction with the extended Federal deadline?**

Yes, we will maintain Tuesday through Friday office hours through July 15th.

**Will refunds be delayed?**

Refunds have not been delayed due to COVID-19 as of yet however, we cannot be sure of the future impact.

However, as we always do, we will close the office completely for 2 weeks beginning April 15th and reopen Tuesday, May 5th.

**We will continue to closely follow the situation and it's impact on you and your taxes. We will update you on future developments as they are presented to us. You all have handled this situation with such grace during what is an already stressful time (tax time) and we appreciate your patience as we do our best navigate these changes with you.**

***Please continue to be safe and take care of one another!***

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