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### Contactless Service

**Our clients' needs are very important to us, and we are taking extra measures to keep you safe now and in the coming tax season.**

To reduce contact, we can offer the option to have a virtual tax appointment or drop off information instead of meeting.

Of course, we want to maintain the personal touch and make ourselves available to communicate and answer questions.

If we're setting up a meeting and we feel it will work well for you, we'll set up a virtual appointment instead of a face-to-face meeting.

If you have concerns or questions, please contact us!

You are important to us and we want to make sure your needs are met.

*Merry Christmas*



***Your Bridge to Success!***



### Highlighting Tax Changes

### Tax Scam Alert

The IRS just issued its annual reminder to taxpayers about common tax scams. We wanted to highlight a few of them for our clients:

1. **Don't fall for a phishing scam.** The IRS will never initiate contact with you through a phone call or an email.
2. **Watch out for fake charities.**

**Congress made a lot of changes this year in a short amount of time! We wanted to share some highlights in case you missed them:**

### **Stimulus**

Many of you received stimulus payments (or economic impact payments) this year. If you got a stimulus payment, you were also mailed a letter signed by the President. **Keep that document for tax time**, because it substantiates the amount of stimulus you received. If your 2020 tax return calculates that you are actually eligible for a higher payment (for example, because your payment was limited due to high income and your income decreased), you can claim the difference on your 2020 return.

### **Charitable Contributions**

If you make contributions to charitable organizations but no longer itemize deductions, 2020 offers you an option to take a one-time \$300 above-the-line deduction for charitable giving. Note that contributions to supporting organizations or donor advised funds or carryovers of prior year giving are not qualified, and the contribution must be monetary (noncash donations will not qualify). So **please make sure** to give us at least your first \$300 in donations, even if you won't be itemizing this year!

### **Required Minimum Distributions**

If you have an IRA and are subjected to required minimum distributions (RMD's), you are **not required** to take an RMD for 2020.

### **Retirement Distributions**

If you took a distribution from a retirement plan in 2020 due to coronavirus hardship, **you may qualify to avoid the early distribution penalty** and also recontribute the funds to your IRA and **pay no tax**, or spread the tax over three years. There are some limits and requirements to these provisions, so please **contact your CPA** to discuss your tax situation if you aren't sure whether you qualify.

### **Qualified Sick Leave or Family Leave**

If you received pay under the Families First Coronavirus Response Act (FFCRA) for qualified sick leave wages or qualified family leave wages, this leave will be reported either in Box 14 of your W-2 or on a separate statement. **The IRS is requiring employers to**

Unfortunately, disasters give thieves the opportunity to establish fake charities to solicit donations. You can **[validate a charity's existence on the IRS's website before donating.](#)**

### **3. Watch out for theft of your tax refund or stimulus payment.**

If you didn't get a tax refund or stimulus payment but were expecting one, the IRS has a tracking tool that can help you determine whether it was issued.

More information about common tax scams and how to avoid them can be found on the **[IRS website.](#)**



### **PPP Loan Update & IRS Guidance**

As we mentioned in our last newsletter, if your business received a loan under the Paycheck Protection Program (PPP), it may be time to think about applying for loan forgiveness.

**[Contact us if you would like us to assist you with that process.](#)**

The IRS recently issued a ruling stating that expenses paid or incurred in 2020 that are reasonably expected to qualify for loan forgiveness **cannot be deducted** on tax returns, even if the taxpayer has not yet applied for forgiveness. Now that this ruling has been issued, **[there is no need to wait to apply for loan forgiveness](#)** in hopes of preserving the ability to deduct forgivable expenses in 2020.

The IRS also provided for a **[safe harbor](#)**. If you don't deduct expenses because you anticipate receiving forgiveness and you later find out you don't qualify, you can either go back and

disclose this information.

### **Household Employees**

If you have a household employee, that makes you an employer too. Consider whether FFCRA pay applies to your household employee. Please contact us if you have questions about how to **stay in compliance** with DOL requirements.

### **Net Operating Loss (NOL) Rules**

These were made **more favorable** this year. The 80% limit on using NOL's to offset current year income has been **postponed** until after 2020. NOL's arising in 2018, 2019, and 2020 can be carried back for five years.

**Schedule a Tax Planning  
Appointment**

amend your 2020 return, or you can deduct the expenses on the 2021 tax return.

**Now wait a minute**, you may say, *this isn't what Congress intended when they said the PPP loan forgiveness was tax-free income!* We agree with you, and so do a number of influential organizations.

It is possible that Congress passes legislation that grants a deduction for expenses paid with forgiven PPP loan funds. So if you'd prefer to wait to request forgiveness, or wait to file your tax return for 2020, in hopes that Congress will pass that legislation, you can do so. You have until 10 months from the end of the covered period of your PPP loan to apply for forgiveness.

## **Cryptocurrency & Virtual Currency Basics**

**What is it?** Virtual currency is a digital representation of value that functions as a medium of exchange, unit of account, or store of value. Some virtual currency is convertible for a real currency (like US money or other legal tender), some is not. Cryptocurrency is virtual currency that uses cryptography to validate and secure transactions, such as through a blockchain.

**How is virtual currency taxed?** Virtual currency is treated as property, so when you have a transaction in virtual currency, you have gain or loss based on the difference between the sale proceeds in US dollars and the original cost basis of the virtual currency in US dollars.

**Do I need to report transactions that take place in virtual currency?** Yes, the IRS requires that you do so. The 2020 Form 1040 will have a question placed prominently on the form asking if you have any transactions in virtual currency. Transactions in virtual currency should be reported in the appropriate place on your tax return.

**Are there tax forms I'll receive reporting my virtual currency activity for the year?** Not yet. At this time virtual currency exchanges are not required to issue a tax form reporting your activity for the year. However, many currency exchanges are able to generate reports that can provide you with the information you'll need for tax reporting.

Virtual currency or cryptocurrency transactions can add complexity to your tax return. If you have questions about these types of investments or transactions, [contact us for more information](#), or see the [IRS FAQs](#).





### Meridian location

9:00 am to 5:00 pm Monday - Thursday (closed on Fridays)

### Eagle location

Mondays from 11:00 am - 1:00 pm and  
Wednesdays from 3:00 pm - 5:00 pm

Offices will be closed from December 24 through January 1 and will reopen on January 2 with these tax season business hours:

Meridian: 8:00 a.m. - 5:00 p.m. Monday - Friday

Eagle: 8:00 a.m. - 5:00 p.m. Monday, Wednesday, and Friday

We recognize and appreciate any adjustments being made as we all navigate this challenging time!

*Our Clients Are Our Priority*

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