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## FOR IMMEDIATE RELEASE

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- **Big Tax Changes Coming for the 2020 Tax Year!**

THIS YEAR, YOU MAY NOT WANT TO CLAIM YOUR CHILDREN OVER AGE 17.

- THEY MAY QUALIFY FOR THE \$1200 AND \$600 STIMULUS PAYMENTS
- IF THEY ARE IN COLLEGE, YOU WOULD LOSE THE EDUCATION CREDIT HOWEVER, EACH SITUATION HAS TO BE LOOKED AT INDIVIDUALLY. THIS MAKES THE DECISION COMPLICATED BUT TO MAKE THE WRONG ONE COULD BE VERY COSTLY.
- CHILDREN WHO COLLECTED UNEMPLOYMENT CLAIMED AS A DEPENDENT COULD BE SUBJECT TO KIDDIE TAX. AGAIN, THE WRONG DECISION IS COMPLICATED AND COULD BE COSTLY.

### ***ANOTHER BIG CHANGE!***

EARNED INCOME CREDIT NOW CAN BE BASED UPON YOUR 2019 WAGES INSTEAD OF YOUR 2020 WAGES IF MAKING THAT ELECTION INCREASES YOUR EARNED INCOME CREDIT. MANY WHO WOULD NOT GET THE EARNED INCOME CREDIT THIS YEAR DUE TO THE FACT THAT THEY DIDN'T WORK DUE TO THE PANDEMIC WILL ONLY BE ABLE TO GET THE CREDIT BY MAKING THIS ELECTION!

NEW YORK STATE WILL FOLLOW SUIT SO YOU MAY USE THE 2019 WAGES ON YOUR 2020 NEW YORK EARNED INCOME CREDIT. AGAIN, THIS MAKES THE COMPUTATION COMPLICATED BUT NECESSARY IF YOU WANT THE LARGER REFUNDABLE CREDIT ON THE FEDERAL RETURN.

### ***ANOTHER BIG CHANGE!***

- EMPLOYERS MAY NOW GET A CREDIT UP TO \$14,000 PER EMPLOYEE IN 2021 AND \$5000 PER EMPLOYEE IN 2020 BUT THIS CREDIT IS TAKEN ON THE QUARTERLY PAYROLL REPORT SENT TO THE IRS IT IS NOT AN INCOME TAX FOR BUT A PAYROLL TAX CREDIT. SO, A QUALIFIED EMPLOYER WHO HAS BEEN IMPACTED BY COVID WHO HAS KEPT 10 EMPLOYEES ON THE PAYROLL WITH A 50% OR MORE DROP IN BUSINESS DURING 2 QUARTERS OF 2021, WOULD RECEIVE UP TO A 70% CREDIT OF THEIR WAGES LIMITED TO \$10,000 PER QUARTER. THE SAME IS TRUE OF 2020 BUT THE DROP MUST BE AT LEAST 25% AND THE CREDIT IS LIMITED TO \$5000 PER EMPLOYEE. THIS IS A LOT OF MONEY FOR EMPLOYERS!
- IF YOU RECEIVED PPP MONEY AND USED IT CORRECTLY, YOU STILL QUALIFY FOR THIS CREDIT.

- NEW PPP MONEY IS AVAILABLE
- EMPLOYERS WHO RECEIVED PPP MONEY IN 2020, CAN STILL USE THE EXPENSES PAID WITH THAT FORGIVEN GRANT ON YOUR 2020 BUSINESS RETURN.

As we approach the beginning of filing for the 2020 tax year, the professionals at EG Tax will keep everyone update on the impact and implications for the upcoming tax filing season. If you would like further information or to discuss these topics, please contact us at our corporate office at 1890 Colvin Blvd, Tonawanda, NY 14150 or call 716-632-7886.