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We are now well into the third quarter of 2021, and we continue to wrap up the 2020 tax filing year. The extended corporate and partnership income tax return deadline is September 15, 2021, while the extended individual return deadline date is October 15, 2021. Extended estate and trust income tax returns have a deadline date of September 30, 2021. We sincerely appreciate all of our clients' cooperation in getting us the information we need to complete the returns in a timely manner.

This newsletter highlights issues that concern taxpayers in general as we adjust to the "new normal" COVID-19 has imposed on our lives.

REMINDERS:

Individual and Corporate Estimated Income Tax payments are due September 15, 2021.

PAYROLL REPORTING REMINDERS:

E-Verify – Required in NC if you employ 25 or more full time employees.

1099 – E-file required if filing 250 or more information returns during the year.

W-2 – E-file required if filing 250 or more forms W-2 or W-2c.

NCUI-101 – NC unemployment – CD or e-file is required if reporting 10 or more wages per quarter.

IRS PROCESSING DELAYS DUE TO COVID-19

The IRS is taking longer than normal to process mailed correspondence and more than 21 days to issue refunds for certain mailed and e-filed 2020 tax returns.

The IRS is open and processing mail, tax returns, payments, refunds, and correspondence. However, COVID-19 continues to cause delays in some services. The IRS is requesting your patience. IRS service delays include:

- Live phone support
- Processing tax returns filed on paper
- Answering mail from taxpayers
- Reviewing tax returns, even for returns filed electronically
- Should you call the IRS? Expect delays if you mailed a paper return, had to respond to an IRS inquiry about your e-filed return, claimed an incorrect Recovery Rebate Credit amount or used 2019 income to claim the Earned Income Tax Credit (EITC) or Additional Child Tax Credit (ACTC).
- Otherwise, you should ONLY call if it has been:
 - 21 days or more since you e-filed
 - "Where's My Refund" at www.irs.gov tells you to contact the IRS.
 - DO NOT FILE A SECOND RETURN.

Some tax returns take longer to process than others for many reasons, including when a return:

- Includes errors such as an incorrect Recovery Rebate Credit amount.
- Is affected by identity theft or fraud.
- Includes a claim filed for an Earned Income Tax Credit or an Additional Child Tax Credit using 2019 income.
- Includes a form 8379, Injured Spouse Allocation, which could take up to 14 weeks to process.
- Needs further review in general.

The IRS is getting mail, but it is taking longer to process it. All responses are being processed in the order received. While mail is being opened within the normal timeframe, processing mail is taking longer than usual due to social distancing and resource restrictions. All paper and electronic individual returns received prior to April 2021 have been processed if the return had no errors and did not require further review. As of August 6, 2021, the IRS had 12.7 million unprocessed individual returns. Unprocessed individual returns include tax year 2020 returns such as those requiring correction to the Recovery Rebate Credit amount or validation of 2019 income used to figure the Earned Income Tax Credit (EITC) and Additional Child Tax Credit (ACTC). This requires special handling and could take 90 to 120 days to process.

2021 ADVANCE CHILD TAX CREDIT (ACTC)

Advance Child Tax Credit payments are early payments from the IRS of 50 percent of the estimated amount of the Child Tax Credit that you may properly claim on your 2021 tax return during the 2022 tax filing season. If the IRS has processed your 2020 tax return or 2019 tax return, these monthly payments will be made starting in July through December 2021, based on the information contained in that return. Generally, no action is required on the part of the taxpayer to receive these payments automatically.

Eligible families can receive advance payments of **up to \$300 per month** for each child under age 6 and **up to \$250 per month** for each child age 6 and above.

The American Rescue Plan Act Advance Child Tax Credit provisions include:

- The maximum Child Tax Credit increased to \$3,600 for children under the age of 6 and to \$3,000 per child for children between ages 6 and 17.
- The credit includes children who turn age 17 in 2021.
- Taxpayers may receive part of their credit in 2021 before filing their 2021 tax return.