

Deadlines & Misc.

Fourth Quarter 2021 Estimated Tax Payments are due by Tuesday, January 18, 2022. See Page 4.

INCOME TAX RETURNS

Partnership and S-Corporation tax returns are due Tuesday, March 15, 2022. Individual and C-Corporation tax returns are due Monday, April 18, 2022.

PAYROLL REPORTING

Forms 1099-NEC, W-2, and W-3 are due Monday, January 31, 2022. Forms 1099-MISC are due Monday, February 28, 2022 (paper-filed) or Thursday, March 31, 2022 (e-filed).

STUDY CLUBS

If you would be interested in having us speak at one of your upcoming Study Club events, we would be happy to do so. We can cover a variety of topics including long-term financial planning, transition planning and most popular the new Tax Act – and how it is impacting dentists.

Contact our office for more details. 425.216.1612 or mail@cpa4dds.com

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DG Advisors LLC
Proactive Tax & Profitability Solutions™
A DENTAL GROUP COMPANY



Helping Dentists Make Smart Decisions about Money

GETTING READY FOR TAX FILING SEASON

While we have gotten used to being flexible and adapting to changes, there are a few things to highlight as we head into tax season.

“NORMAL” FILING DEADLINE: The delayed filing deadlines each of the past two years may have been a welcome change for some, but absent anything unforeseen, individual taxes will be due in April this year. However, we do have a few extra days, as April 15th falls on a Friday and is recognized as Emancipation Day in Washington, DC. As such, all federal offices are closed that day, meaning the filing deadline gets a weekend extension to Monday, April 18th.

ADVANCED CHILD TAX CREDIT: Some of you may have received monthly payments from the IRS between July and December 2021. This was a partial advance on the child tax credit the IRS projected for your 2021 tax return. Your 2021 return will have a reconciliation schedule comparing the amount received with your actual tax credit.

The advance was based on the most recently filed return at the time (likely 2020, which may have had a lower income than normal). If your 2021 income was higher, your actual credit will be less than expected, meaning **you may have to pay back some or all of the advance in the form of a reduced refund or additional tax due in April.**

If you received these payments, the IRS will mail you Letter 6419 detailing the payments. **Be sure to forward this letter to us immediately.**

NON-ITEMIZED CASH DONATIONS: Charitable donations have typically been claimed on Schedule A as an itemized deduction. Back in tax-year 2020, the IRS made a limited exception to allow \$300 to be claimed as a deduction even for those who did not itemize their deductions, hoping to encourage donations during the pandemic. This was on a per-return basis, meaning a married couple filing jointly could only claim \$300 between them. For tax-year 2021, this changes to \$300 per spouse. This is for cash donations only, so donating clothes to Goodwill does not apply. It is also still a temporary provision and is set to expire with tax-year 2022.

2022 LIMITS AND UPDATES

Several amounts indexed to inflation have changed for tax year 2022, although some remain unchanged.

Amount	2021	2022
401(k) deferral max	19,500	20,500
401(k) catch-up if 50+	6,500	6,500
SIMPLE deferral max	13,500	14,000
SIMPLE catch-up if 50+	3,000	3,000
FICA wage base	142,800	147,000
Business mileage rate	56 cents/mile	58.5 cents/mile
Standard deduction (single)	12,550	12,950
Standard deduction (married joint)	25,100	25,900

While the individual tax rates remain the same ranging from 10% to 37%, the brackets within which each rate begins have been adjusted slightly upward.

OTHER PLANNING OPPORTUNITIES

Bonus Depreciation: Part of the tax reform changes of 2018 greatly enhanced the opportunities for businesses to write off the entire cost of fixed assets in the year of acquisition. Absent this provision, the deductions would come in the form of depreciation over the life of the asset. This 100% bonus depreciation remains in place only through the end of 2022 before gradually being reduced. As we have seen, the further out we project, there is always a chance that tax laws could change. But as it stands now, here is a reminder of the amount of bonus depreciation you can claim:

Asset placed in service through	Bonus Depreciation
December 31, 2022	100%
December 31, 2023	80%
December 31, 2024	60%
December 31, 2025	40%
December 31, 2026	20%

Section 179: Similar to bonus depreciation is Section 179, which allows the full cost of an asset to be written off in the year of purchase. For years where bonus depreciation is at 100%, there is practically little difference whether one takes a deduction under either bonus or 179 with certain planning exceptions.

However, there are limits to how much can be claimed under Section 179, and a business must have positive income to get any 179 benefits. Certain types of assets, such as real estate, may qualify under one but not the other. Furthermore, you can pick and choose which assets to apply Section 179 to, but bonus depreciation must be applied to all assets within a given class (or none, if you opt out). Once bonus depreciation falls below 100%, it will become more important to know the distinctions between the two provisions.

FOURTH QUARTER 2021 ESTIMATED PAYMENTS

THIS IS ONLY FOR THOSE THAT PAY BY QUARTERLY INSTALLMENTS

We highly encourage that estimated payments be made online at [EFTPS.gov](https://eftps.gov) – this very convenient site allows you to enter multiple payments and dates in advance. Call us if you need help!

However, if you still prefer to mail in a paper check:

If we have prepared your 2021 return, you will find pre-printed estimated tax payment vouchers in your online secure portal or in your folder if we mailed your tax return to you. Otherwise, detach or photocopy the voucher below.

1. Complete the name, address and social security number sections.
2. Fill in amount (call us at 425.216.1612 if you have questions regarding the amount).
3. Address your envelope to:

**Internal Revenue Service
PO Box 802502
Cincinnati, OH 45280-2502**

***** NOTE THE NEW ADDRESS – DO NOT SEND TO SAN FRANCISCO ANYMORE *****

4. Make your check payable to the **United States Treasury**.
5. Note your social security number and “2021 1040-ES” on the memo line of your check.
6. Enclose the voucher and check in your envelope addressed to the Internal Revenue Service (see above).
7. Mail on or before Tuesday, January 18, 2022.

Tear off here

Form	1040-ES Department of the Treasury Internal Revenue Service	2021 Estimated Tax	Payment Voucher 4	OMB No. 1545-0074		
File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to “United States Treasury.” Write your social security number and “2021 Form 1040-ES” on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.			Calendar year—Due Jan. 18, 2022			
			Amount of estimated tax you are paying by check or money order.			
			Dollars	Cents		
Pay online at www.irs.gov/etpay Simple. Fast. Secure.	Print or type	Your first name and middle initial		Your last name	Your social security number	
		If joint payment, complete for spouse				
		Spouse’s first name and middle initial		Spouse’s last name		Spouse’s social security number
		Address (number, street, and apt. no.)				
		City, town, or post office. If you have a foreign address, also complete spaces below.			State	ZIP code
Foreign country name			Foreign province/county		Foreign postal code	

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form 1040-ES (2021)