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Dear Clients:

We hope you are off to a great start to 2022! Now that we are a few weeks into January, income tax time is just around the corner.

We look forward to assisting you with your 2021 tax return preparation and 2022 tax and business planning. Our 2021 tax organizer is posted on our website at <http://www.twohillscpas.com/wp-content/uploads/2022/01/2021-Tax-Preparation-Checklist.pdf>. Please review the checklist and answer any questions that apply – an answer could be a big tax saver!

NEW FOR 2021

If you received a third-round Federal stimulus payment in 2021 or advance child tax credit payments, we need documentation from you showing the amount that was received. The IRS will be issuing two important letters in January 2022: Letter 6475 to reconcile your 2021 stimulus payment and Letter 6419 if you received the Advance Child Tax Credit payments. **We need a copy of these letters to accurately prepare your income tax return and to claim any additional credits.**

Charitable donations made to qualified charitable organizations in the form of cash, check, or credit card are deductible up to \$300 for those taxpayers who do not itemize, and up to \$600 for a married couple. Colorado provides a deduction for donations over \$500 for taxpayers who do not itemize. If this is an item applicable to you, please provide copies of your receipts.

TAX SEASON PROCEDURES

As we continue to monitor federal and state actions regarding the COVID-19 virus, we want you to know that our focus is first and foremost on the health and safety of our clients and staff. Our office is continuing to primarily work remotely. For the safety of our staff and clients, we are only accepting in-person drop offs for this tax season in limited situations.

We have a full set of systems already in place that allow us to conduct business remotely. Many of you have already used our client portal (app.canopytax.com) to send documents and receive your tax return. We have turned to web conference meetings for return reviews, which allow us to share our screen and quickly point to information on your financial statements or tax return. Should you have any problems uploading documents or working with our online systems, please call our main office line at 303-223-2575 and we can help you through the process.

As you receive your informational tax forms (W-2s, 1099s, brokerage and bank statements, etc), you can upload them to your secure client portal in Canopy (www.canopytax.com). Please email (info@twohillsaccounting.com) or call ([303-223-2575](tel:303-223-2575)) if you have information that has changed from last year which cannot be made clear in the packet. **Once you have received and provided us with all your expected documents, please notify us that the information has been sent and we will begin work on your return.**

Similar to last year, there are two options to complete your return: 1) Review and sign the return via the client portal with any questions clarified via email; or 2) A phone or web conference. We can schedule an appointment for either a web conference or in-person meeting when you have provided us with all your expected documents. Once your return is reviewed, we will need your signature on the IRS and State e-file authorization forms that will be uploaded with your return prior to e-filing. We also require payment of your invoice for tax preparation prior to e-filing your returns. These forms can be signed electronically and uploaded back to Canopy.

POSSIBLE PROCESSING DELAYS

The IRS mentioned in a recent press release that as of December 31, 2021, they have a backlog of 6 million unprocessed individual tax returns from last year. **The current consensus is that taxpayers should expect refund and processing delays again this tax season.** We wish there was something additional we could do on our end to speed things up, but the IRS works at its own pace. If you have a question about the status of your refund, you can look up the status yourself online using the “Where’s My Refund” tool: <https://www.irs.gov/refunds>.

IMPORTANT DEADLINES

The IRS deadline to file or extend your 2021 individual or C corporation tax returns is Friday, April 15, 2022. The deadline to file or extend an S corporation or partnership return is Tuesday, March 15, 2022. **For individual returns, it is important to meet our internal document deadline of Monday, March 21, 2022. If your complete information is in our office by March 21, we will make every effort to have your tax return completed by the tax deadline.** If we do not receive all necessary information on a timely basis, or if there are unresolved tax issues or delays in processing, it may become necessary to apply for an extension.

If an extension of time is required, any tax due with the tax return must be paid with the extension. Any amount not paid by the filing deadline of April 15th is subject to interest and late payment penalties. The law provides that various penalties may be imposed when taxpayers understate their tax liability. If you would like information on the circumstances of these penalties, please contact us at info@twohillsaccounting.com.

We look forward to working with you to complete your 2021 tax returns and plan for 2022. Please feel free to contact us if you have any questions or need additional information.

Sincerely,

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