

# LAWRENCE TAX SERVICE

A division of Lawrence & Associates, Inc.

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## **A MESSAGE FROM THE LAWRENCE TAX SERVICE TEAM**

**Dear Clients and Friends:** All of us at Lawrence Tax Service (LTS) welcome you to the New Year and the upcoming 2021 tax season. The COVID crisis has been a tragedy in 2020 and will likely continue to disrupt our lives into 2021. As a result, the 2021 upcoming LTS tax season will have a few changes as discussed further in this newsletter including: (1) currently, no in-person appointments; (2) an “expected” IRS and CA FTB postponement of the normal tax deadline to July 15, 2021 (similar to what occurred in 2020); and, (3) the need for clients to provide LTS with all tax prep data at least a week before any pre-scheduled virtual appointment.

In this edition of our annual LTS newsletter you will find a helpful reminder concerning important tax season appointments and procedures, the January Form 1099 filing season, and a reminder to review our new LTS website for tax law updates. We will also provide a feature profile on our LTS Team and staff.

In addition, enclosed are your annual tax data collection sheets for your 2020 taxes. Please take extra care in preparing your tax data/organizer sheets and documentation so we can do the best possible job to find tax benefits that are hidden in the law and protect you from more aggressive audit programs and larger penalties.

With the start of 2021 it is now time to gather your tax records for the upcoming tax filing season. Many year-end tax forms will be mailed to you shortly. Refer to the enclosed “Things to Bring List” for many of the forms we will need you to provide us for preparing your tax returns. With the advent of many new Federal and State tax treatments, our challenge as taxpayers to “do it right” has never been greater. LTS is here to help.

**THE LTS TEAM:** The LTS team works collaboratively throughout the year providing tax preparation and representation services for our valued clients. Sadly, and unexpectedly in 2020, long time LTS tax partner Tom Rice died during surgery in May. The remaining LTS team members then assumed his client responsibilities and now are making arrangements to service them this tax season.

LTS was founded by Greg Lawrence in 1973 who transitioned it to Miles in the mid 1990’s. Starting in 1983, Miles joined his father in the practice working full time at LTS before attending law school and becoming an Enrolled Agent. Dick Moore has been a member of the LTS Team since 2007. Dick, an Enrolled Agent since 1979, has been a practicing tax preparer since 1973 in addition to the many CFO roles he has held. Brett Strother, CPA rejoined the LTS team and provides many years of accounting and tax preparation experience. The LTS administration and reception Team is Rhonda Ibrahim and Kim Lawrence, joined by other seasonal help, who work in a support capacity for the firm during our busy filing period. Because the 2021 tax season will include many virtual appointments, Rhonda will be helping to facilitate the technology administration aspects of this tax season such as helping clients register for the LTS Intuit Link portal and download and use tax organizers which will provide the LTS team with the needed tax prep data before all scheduled virtual meetings. Rhonda also operates CPO Consulting LLC which provides bookkeeping and QuickBooks consulting services.

**Pre-Scheduled Virtual Appointment Reminder:** As mentioned earlier, the 2021 pre-scheduled appointments will not be for in-person appointments but instead for virtual appointments consisting of either a phone call or Zoom online meeting. As in prior years, we have pre-scheduled your virtual appointment and mailed these notices to each of you based upon your prior sit-down appointment history with us. Let us know asap if you have not received the pre-scheduled virtual appointment letter or must change your appointment. The letter contains the date, time and preparer you are meeting with virtually. We will call to remind you of these pre-scheduled virtual appointments a week before your actual scheduled appointment this coming tax season which requires all tax data be provided your preparer at least a week before the appointment.

**VIRTUAL APPOINTMENTS AND PROCEDURES:** The following is a brief review of the LTS policies with regard to setting appointments, our mail-in program, fees and billing, tax data collection sheets and/or Tax Organizer packages for tax year 2020, and our Privacy Policy.

1. **Virtual Appointments:** A hallmark feature of LTS is the popular two-hour appointment we like to schedule with our clients to perform the due diligence needed to prepare your taxes and achieve tax compliance while catching up socially with how the year went. Similar to prior tax seasons, we are scheduling client virtual appointments Monday through Saturday starting at 8:30 AM with the last appointment scheduled no later than 6 PM.

2. **Mail-in Program:** For our personal income tax clients, the mail-in program allows you to mail, upload to LTS portal (see comments below) or drop off your individual tax data using the attached data collection sheets or tax organizer. If you avail yourself of this program, and your mail-in data is substantially complete, we are offering a 15% discount to our fees if received or post-marked by March 1, 2020.

3. **Fees & billing:** The LTS published fees (per form, schedule and hourly rate), will generally remain the same as last year. However, the IRS and states have created some new 2020 forms and schedules which we have added to our LTS minimum fee schedule. Similar to last year we are again summarizing our fees and billing policy in the Engagement Letter we request each client to sign, date and return to LTS. Tax preparation fees are based on our minimum fee schedule that is attached to the Engagement Letter you will receive. In addition to tax preparation services, should you require tax consultation, planning or audit representation services, the fee charged will be based upon the hourly rate of the tax professional working on your case.

4. **Data Collection Sheets and/or Tax Organizer:** As part of this LTS newsletter we are including our familiar tax data collection sheets. Please fill them in and include all the documents requested on the Things to Bring List. Some clients have requested their Tax Organizer package reflecting 2019 tax data for comparison and space to insert 2020 tax data. These have already been mailed/e-mailed. If you did not receive a Tax Organizer and would like one mailed to you please contact us ASAP. We appreciate clients who are prepared and organized for their tax appointment using these sheets having answered all the questionnaire queries which are essential for tax compliance.

5. **Privacy/Security Policy:** The law prevents us from discussing your business with others without your permission. If you want us to talk or transmit your info to others (such as mortgage refi brokers), we require your written authorization. **URGENT:** For security purposes and your protection, any transmitted security sensitive documents should either use our LTS Intuit Link portal or otherwise be password protected. We encourage everyone to use our LTS Intuit Link portal and therefore we will plan to call you so we can send you an invite. **WARNING:** Because Identity Theft and even fake IRS scams are on the rise, you should be extremely careful with your private financial information.

**1099 FILING SEASON IS JANUARY:** Both IRS and State agencies have increased penalties for late or erroneous 1099's and the 2020 tax forms require an affirmative answer, under penalty of perjury, to the question if you have met your 1099 filing requirements. 1099's are required to be filed by all payers to non-incorporated entities, including individuals and landlords, where the total payments for the year were \$600 or more. January is the month to prepare and mail recipients any 1099's you must file. WORKER RECLASSIFICATION audits are also examining if someone is more properly an employee rather than an independent contractor. If you have dutifully filed 1099's on your contractors then your case is buttressed. We encourage you to file 1099's even if they are after the January deadline and may trigger a penalty. If you need help, please contact us in early January and provide your information so we can help you comply in this complicated area. Be sure to have all your contractors fill out W-9 forms and when in doubt answer the questions on an SS-8 form.

**LTS WEBSITE:** [www.LECPROFGROUP.COM](http://www.LECPROFGROUP.COM) and Portal

Please periodically check out our website at [www.LECProfGroup.com](http://www.LECProfGroup.com) for copies of our mid-year email updates, annual newsletters, related tax data collection sheets, our fee schedule and the LTS Engagement Letter. The website also reports on the LTS team, appointment procedures, privacy policy, and other important information for your benefit.

- **PORTAL:** Our new LTS website has a link to the secure portal. Let us know if you would like to use our data secured PORTAL discussed above under Privacy/Security Policy and we will send you an invite.
- **ACA News:** The individual ACA mandate Federally terminated in 2019 but for California became effective 1-1-20. Significant changes impacting employers, starting in 2015 thru 2020, relates to the employer mandate and related compliance matters. The ACA has introduced many taxes and penalties in the event of non-compliance. Please see our website postings related to ACA dated January 1, 2015, etc....and review the "LTS Client Letter on New ACA Health Plan issues for Small Business Employers."