


TAX PAYMENT
CALENDAR

DECEMBER
2020

<u>Date</u>			<u>Completed</u>
<u>Payroll Date</u>	<u>Deposit Date</u>		
Nov 25 - 27	Dec 2	Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and fourth quarter.	
28 - Dec 1	4		
Dec 2 - 4	9		
5 - 8	11		
9 - 11	16		
12 - 15	18		
16 - 18	23		
19 - 22	28		
23 - 25	30		
26 - 29	Jan 4		
30 - 31	6		
14	Michigan sales and use tax deposit for month of November to claim early payment discount.		
15	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during November. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and fourth quarter.		
15	Corporations with fiscal year ending December 31, March 31, June 30, or August 31: <ul style="list-style-type: none"> • Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit. 		
15	Corporations with fiscal year ending August 31, and S-Corporations ending September 30: <ul style="list-style-type: none"> • Federal Income Tax Return - Form 1120 or 1120-S. • Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. • Pay accrued compensation, charitable contributions, retirement plan contributions, etc. 		
15	Corporations with fiscal year ending February 28, May 31, August 31, or November 30: <ul style="list-style-type: none"> • Pay CIT estimate to State of Michigan. 		
21	Michigan Sales, Use, and Withholding Taxes Return for the month ended November 30.		
21	Winter Begins at 5:02 AM, EST		
24	Christmas Eve.		
25	Christmas Day.		
31	Corporations with fiscal year ending August 31: <ul style="list-style-type: none"> • File CIT return and pay balance due to State of Michigan. 		
31	New Year's Eve.		



So that our staff may enjoy the holidays with their families, De Boer, Baumann & Company, PLC will be closed both Thursday, December 24 and Friday, December 25, 2020 and will reopen at 8:00 a.m. on Monday, December 28. We will also close at 12:00 p.m. on Thursday, December 31, 2020 and will reopen at 8:00 a.m. on Monday, January 4, 2021.

Best Wishes for a Safe and Happy Holiday Season

From All of Us at De Boer, Baumann & Company, PLC

NOVEMBER

SU	M	T	W	TH	F	SA
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER

SU	M	T	W	TH	F	SA
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

JANUARY

SU	M	T	W	TH	F	SA
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						



December 2020

YEAR-END PLANNING MOVES FOR INDIVIDUALS

Take Advantage of Generous Standard Deduction Allowances. For 2020, the standard deduction amounts are \$ 12,400 for singles and those who use married filing separate status, \$ 24,800 for married joint filing couples, and \$ 18,650 for heads of household. If your total annual itemizable deductions for 2020 will be close to your standard deduction amount, consider making additional expenditures before year-end to exceed your standard deduction. That will lower this year's tax bill. Next year, you can claim the standard deduction, which will be increased a bit to account for inflation.

Cancellation of Debt (COD) Relief. Individuals can exclude up to \$ 2 million (\$ 1 million if not married filing jointly) of COD income from qualified principal residence indebtedness that is cancelled in 2020 because of their financial condition or decline in value of the residence. Debt cancelled after 12/31/20 still qualifies, but only if discharged pursuant to a written binding agreement entered into prior to 1/1/21.

Traditional IRA Contributions for All. The SECURE Act removed the age restriction on making traditional IRA contributions. Individuals over the age of 70½ who are still working in 2020 are no longer prohibited from contributing to a traditional IRA. However, if you're over age 70½ and considering making a charitable donation directly from your IRA (known as a *Qualified Charitable Distribution* or QCD) in the future, making a deductible IRA contribution will affect your ability to exclude future QCDs from your income.

Carefully Manage Investment Gains and Losses in Taxable Accounts. If you hold investments in taxable brokerage firm accounts, consider the tax advantage of selling appreciated securities that have been held for over 12 months. The maximum federal income tax rate on long-term capital gains recognized in 2020 is only 15% for most folks, although it can reach a maximum of 20% at higher income levels. The 3.8% Net Investment Income Tax (NIIT) also can apply at higher income levels.

Take Advantage of 0% Tax Rate on Investment Income. For 2020, singles can take advantage of the 0% income tax rate on long-term capital gains and qualified dividends from securities held in taxable brokerage firm accounts if their taxable income is \$ 40,000 or less. For heads of household and joint filers, that limit is increased to \$ 53,600 and \$ 80,000, respectively. While your income may be too high to benefit from the 0% rate, you may have children, grandchildren, or other loved ones who will be in the 0% bracket. If so, consider giving them appreciated stock or mutual fund shares that they can sell and pay 0% tax on the resulting long-term gains. However, if securities are given to someone who is under age 24, the Kiddie Tax rules could potentially cause some of the resulting capital gains and dividends to be taxed at the higher rates that apply to the individual's parent.

Convert Traditional IRAs into Roth Accounts. This may be the perfect time to make that Roth conversion you've been thinking about. The current tax rates are still relatively low compared to a couple of years ago, and while they are scheduled to remain that way until 2026, they could increase much sooner. Also, your income may be lower in 2020 due to the financial fallout of COVID-19. On the bright side, that means you're likely in a lower tax bracket than you normally find yourself. Since the CARES Act suspended Required Minimum Distributions (RMDs) for 2020, if you already budgeted to pay tax on your RMD, rolling that distribution to a Roth IRA could be a perfect move. No RMD for 2020 also means that 100% of the distribution can be classified as a rollover.

It's possible the overall value of your retirement account suffered as a result of the economic downturn. The depressed value in your IRA means a rollover distribution will contain more assets. Once in the Roth IRA, the recovery of value and ultimate withdrawal will be tax free.