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Speaker 1: The Missouri State Journal, a weekly program keeping you in touch with Missouri State University.

Emily Yeap: Tax season is here. If you haven’t already, now’s a good time to get started on your taxes. What are a few key things to be aware of? I’m Emily Yeap.

Dr. Kerri Tassin, associate professor in the School of Accountancy at Missouri State University, joins me today to explain.

Dr. Kerri Tassin: Unfortunately, a lot of taxpayers this year, more than maybe ever before, are going to be facing a situation where they were unemployed last year. So, they may be receiving unemployment benefits. And it is important to understand that the unemployment benefits are taxable income. So, they must be reported on the tax return and if there is other income or it exceeds that filing threshold requirement, then there is going to be tax on those benefits.

Emily Yeap: There’s also a special provision for unemployed individuals in 2020 with regard to the Earned Income Tax Credit.

Dr. Kerri Tassin: For those who generally would have qualified for the Earned Income Tax Credit, perhaps, taxpayers who qualified for the EITC in 2019, perhaps they had a job loss in 2020. If their 2019 earned income is higher than their 2020 earned income, they may use their 2019 earned income in order to calculate the Earned Income Tax Credit for 2020. So, there may be some folks that thought because of my job loss, I’m not going to have enough earned income to take advantage of that credit. But there is that provision available for this year.

Emily Yeap: If you should have received all or some of the first stimulus payment, up to $1,200 per person, or the second stimulus payment, up to $600 per person but didn’t get them, you can claim your missing money on your 2020 tax return.

Dr. Kerri Tassin: What we have is what is called a Recovery Rebate Credit and there will be a new line on the 2020 form 1040 for the Recovery Rebate Credit with an associated worksheet that is included in the instructions for the form 1040. Taxpayers can use this worksheet to calculate whether they might be due an additional amount. The economic impact payments are considered advanced payments towards this Recovery Rebate Credit. So, the worksheet takes into account the amounts that were received from those two payments when calculating to see if there might be an additional credit due. Now this additional credit will only reduce a balance due or increase a refund, it will not in and of itself trigger an additional check that the taxpayer would receive in the mail. Taxpayers may also have forgotten perhaps how much they got, or there may be some instances where they will just say, ‘I did not receive a check.’ They can go and create an account on IRS.gov and in that account they can double check to see how much they received for those two stimulus payments in preparation to complete that worksheet for the Recovery Rebate Credit.

Emily Yeap: Another special new provision to keep in mind for taxpayers relates to charitable giving.

Dr. Kerri Tassin: Congress was afraid that giving to worthwhile organizations would take a dip because of job loss and the financial circumstances surrounding the pandemic. So, they have included a provision or 2020 for taxpayers who claim the standard deduction, normally they would not be able to deduct gifts to a qualifying charity, but this year, they may qualify to deduct up to $300 in gifts made to qualifying charities.

Emily Yeap: This year, the IRS has pushed back the start date of tax filing season to February 12th.

Dr. Cassie Tassen: What that means is that the IRS will not begin processing tax returns until February 12th. So, people can be preparing those tax returns and getting that process taken care of, but they will not be processed until the 12th. And the reason for that is the Internal Revenue Service had work to do in order to update its processes because of some tax law provisions that were enacted December 27. So, they needed that time to incorporate those new provisions on forms and in their systems.

Emily Yeap: Taxpayers with low to moderate income, disabilities and limited English proficiency, as well as those over 60 years old can take advantage of free, basic tax preparation services. They are offered through the IRS Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs.

I’m Emily Yeap for the Missouri State Journal.

Speaker 1: For more information, contact the office of University Communications at (417) 836-6397. The Missouri State Journal is available online at KSMU.org.