

It's Tax time again!

Tax Prep Time!

Another year has passed, and it is time to file your 2019 Income Tax Return. Don't forget BBEDC's **Tax Preparation Program**. **Residents of BBEDC Communities are eligible.** Over 1,000 residents each year have benefitted from our program. This year that total can include you too! Residents can register to receive up to \$150 towards the preparation of their 2019 federal tax return by resident professional tax preparers. Applications are available at www.bbedc.com, from your Community Liaison or the BBEDC offices in Dillingham. A list of the approved Tax Preparers is also available.

April 15, 2020 is the deadline to file your 2019 Income Tax Return.

Check with a tax preparer or the IRS about dates for paying estimated taxes and for filing extensions.

Get It Together!!!!

Organize your records. Good organization may cut your taxes **AND** there are other rewards, and some of them are financial. Better organization might reveal more deductions or maybe it will reduce the price for preparing your tax return. This includes last year's tax return, this year's W-2s and 1099s, receipts and so on. Start early! **Ask your Tax Preparer for a checklist to help you in the process.**

Helpful Information for Fishers



The IRS has established a specific website with information and tips for fishers. Go to the **IRS Fishing Tax Center** at

[https://www.irs.gov/businesses/small-](https://www.irs.gov/businesses/small-businesses-self-employed/fishing-tax-center)

[businesses-self-employed/fishing-tax-center](https://www.irs.gov/businesses/small-businesses-self-employed/fishing-tax-center)

File your 1099-Misc



Fishing captains that paid crewmembers need to complete and furnish **Copy B** of a 1099-Misc to the crewmember by **January 31, 2020** and **Copy A** to the IRS by **January 31, 2020 (even if you file electronically).**

Copy A is due to the IRS by January 31, 2020 if you are reporting payments in Box 7 Nonemployee Compensation, whether on paper or electronically. The IRS can assess a penalty for failing to issue a proper Form 1099 (including late filing or filing forms with errors). Penalties can be as low as \$50 but as high as millions of dollars \$\$\$. 1099-Misc forms might be necessary for other payments during the year as well. **Unfortunately, you cannot print 1099 forms from the IRS website. You may be subject to a fine as this is considered improper filing by the IRS. Forms can be obtained without charge directly from the IRS. BBEDC tries to keep a supply of 1099-Misc on hand but we run out quickly. Contact your tax preparer if you have questions.**

Lower your income tax

Lower your taxable income and save for retirement by contributing to your IRA. Or set up an IRA if you don't yet have one. You can contribute to your IRA until April 15, 2020 for the 2019 Tax Year.

Fisherman's Retirement Plan

Fishermen can create a Simplified Employee Pension Plan (SEP) to put money away for retirement and lower taxable income. A **SEP** is a retirement plan established by employers, including self-employed individuals. Ask your tax preparer to help you explore this option.



Estimated Tax

You may be able to avoid making any estimated tax payments on income from your fishing business by filing your return and paying your entire tax due on or before March 2. This generally applies if fishing income was at least two-thirds of your total gross income in either the current or the preceding tax year.

If you choose not to file by March 2, you can make a single estimated tax payment by January 15 to avoid an estimated tax penalty. If these special rules don't apply, you may have to make quarterly estimated tax payments. These are due April 15, June 15, October 15, and January 15 of the following year. You may also be subject to an estimated tax penalty that averages about 2.5% of the check you will write to the IRS.

Donations

If you've made charitable cash donations, the IRS requires that you have either a statement from the charity or copies of your checks. Can't find the cancelled check? Most banks provide online access where you can locate and print a copy of your cancelled check. In addition, if the donation is \$250 or more, you are required to obtain and keep a contemporaneous written acknowledgement for the charitable donation.

Insurance Rebate



As a result of the Affordable Care Act, some people received rebates from their health insurers. It may be taxable income. The IRS has a FAQ page at www.irs.gov where you can obtain more information OR ask your tax preparer.

Earned Income Tax Credit!

Check your eligibility for Earned Income Tax Credit. EITC has made the lives of working people a little easier since 1975 yet *the IRS estimates that one out of five eligible taxpayers fail to claim their EITC each year.* Use the EITC Assistant, a helpful tool available on www.IRS.gov

Tax Prep Time!

Organize your tax documents

It's not expensive or complicated!

It may reduce the price for preparation of your tax return AND it may reveal more tax deductions \$\$\$!

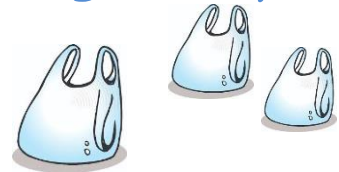
All you need is...

3 manila envelopes



Or

3 grocery bags

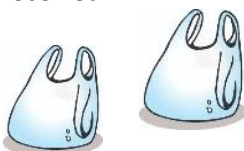


Sort your documents into 3 separate stacks (*see the lists below*)
Group similar items together within the stacks (*fishing receipts together, etc.*)
Place each stack **NEATLY** into a separate bag or envelope
Bring the envelopes or bags to your Tax Preparer
(*along with the Checklist provided by your Tax Preparer*)

Money earned

Examples:

- W-2 from your employer(s)
- 1099 from your captain(s)
- Cannery or processor settlement statement(s)
- Local or state tax refunds from prior year
- Info on income from other businesses, gambling, lottery, prizes, awards
- Info on any income or payments that are child support and/or alimony
- Social Security income statement
- Statements from banks showing any interest or dividends received



Money spent

Examples:

- Copy of 1099's that you gave to your crew
- Receipts or statements from vendors from fishing expenses
- Receipts from vendors for home improvements
- Receipts or documentation for donations
- Receipts from medical expenses
- Current credit card statements
- Copy of mortgage statement
- Copy of any loan statements
- Total paid for daycare

Business or Tax Documents

Examples:

- Prior year tax return
- Health coverage statement or exemption certificate
- Full name, social security number and birthdate for everyone to be included on the tax return
- Bank account routing and account numbers for direct deposit of refund



Always keep a paper or digital copy of your tax return, even if you file electronically!