

It's Tax time again!

Tax Prep Time!

It's time to file your **2020 Income Tax Return**. Don't forget **BBEDC's Tax Preparation Program**. **Residents of BBEDC Communities are eligible.** Residents can register to receive up to \$150 towards the preparation of their 2020 federal tax return by resident professional tax preparers. Applications are available at www.bbcdc.com, from your Community Liaison or the BBEDC offices in Dillingham. A list of the approved Tax Preparers is also available.

April 15, 2021 is the deadline to file your 2020 Income Tax Return.

Get It Together!!!!

Organize your records. Good organization may simplify preparation of your tax return AND there are other rewards; it might provide info that will reduce your taxes. 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-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 **February 1, 2021** and **Copy A** to the IRS by **March 1, 2021** (or **March 31, 2021** if you file 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. Forms can be obtained directly from the IRS and can be purchased at many retail office supply locations. BBEDC has a supply of 1099-Misc available for pick up and most Community Liaisons have been provided with a supply. Contact your tax preparer if you have questions.**

Earned Income Tax Credit!

Earned Income Tax Credit 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. This year taxpayers are able to use their 2019 earned income for calculation....there is a spot on the 2020 return for entering this information. This could be beneficial for individual that did not work or had reduced hours in 2020.* Use the EITC Assistant, a helpful tool available on www.IRS.gov

COVID Tax Relief & Economic Impact Payments



COVID relief grants may be considered taxable income. The IRS has established a specific website

<https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments> or **consult with a**

professional tax preparer. This is especially important for fishers and small businesses that obtained a Payroll Protection Program (PPP) loan because the portion of the PPP that is forgiven is not treated as income, but expenses paid with the proceeds may be deductible.

Other Tax Tips and Fun Facts

- ★ The new Form 1099-NEC (nonemployee compensation) should be used if crew share pay was determined any other way besides a percentage of catch (used to be reported on Form 1099, box 7)
- ★ Eligible individuals who have not received the Economic Impact Payment, also known as the stimulus, should file a 2020 tax return to claim the payments through the Recovery Rebate Credit.
- ★ If you donated to a charity in 2020, you can deduct up to \$300 from your income on your tax return, even if you don't itemize. This is extended for 2021 tax returns as well.
- ★ Most refunds are issued in less than 21 days after the tax returns is accepted by the IRS. If you file a return containing the Earned Income or Child Tax Credits, you will not receive your refund before March 1.
- ★ 2020 tax returns can be e-filed to the IRS starting February 12, 2021. Submit your tax documents to your preparer ahead of time to ensure your tax return is sent to the IRS as soon as possible.



IRS Tax Tips!

The IRS maintains a website for general tax tips at <https://www.irs.gov/newsroom/irs-tax-tips>