

Nancy L Lawrence EA

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Souderton, PA

18964

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On behalf of myself, Sandie, Becky, and the entire staff, we would like to thank you for your continued patronage and for the confidence you place in us from year to year. Please note:

- 1) To make sure that we have the most current and accurate information; we are asking that you take a few minutes and fill our tax questionnaire. There are many new questions relating to Covid-19 that we will need answered this year. It is also important that we have **updated email addresses**, phone numbers, mailing addresses and bank information-please note those changes on the questionnaire.
- 2) Read and sign the engagement letter which explains your responsibilities along with our responsibilities to you.
- 3) Please enclose the completed questionnaire and the signed engagement letter with your tax information that you are supplying to us.
- 4) No returns will be efiled until the Efile Signature Forms are signed and payment has been made in full for the tax preparation.
- 5) **April 1, 2020** is our cutoff date for appointments and any tax information dropped off after that date may have to be placed on extension.

Tax Law Changes for 2020

- 1) The new stimulus law contains new tax breaks designed for the individual taxpayer.

-Charitable Contributions-Ordinarily, charitable contributions are deductible only if you itemize your personal deductions on IRS Schedule A instead of taking the standard deduction. The CARES Act added a new \$300 charitable deduction for contributions by non-itemizers to tax-qualified charities during 2020. This write off is per return, meaning married couples who file jointly can only deduct \$300, not \$600.

Fill in the amount given to charities in the questionnaire so that we have this amount to use when preparing your tax return this year.

- Employees who have Flexible Spending Accounts (FSAs), may carry over a maximum of \$550 of unused funds to use the following year.
- Use your 2019 income to qualify for the Earned Income Credit, if this would result in a larger credit. This is for lower-income taxpayers.
- 7.5% floor for deducting medical expenses (instead of the proposed 10% for 2020).
- If you made energy saving improvements to your home in 2020, you might be able to claim a tax credit for that improvement. Qualifying upgrades include energy-efficient windows, exterior doors, insulation, particular roofs, heating and air conditioning systems and water heaters.

2) **Stimulus Payments**-Since the two stimulus payments received were tax credits for the 2020 tax filing, we will need to know how much you received for the first and second round of stimulus checks. If you did not receive the correct amounts for whatever reason, the additional amount may be refunded as part of your 2020 filing.

Fill in the amounts received in the tax questionnaire so that we have those amounts when preparing your tax return this year.

3) On December 20, 2019, the SECURE Act was signed into law. The SECURE Act made many changes to how you save for retirement and how you use your money in retirement. Most of these take effect for 2020 tax year unless noted below.

-No age limit on Traditional IRA Contributions-prior law stopped one from contributing to a traditional IRA if you were age 70 1/2 and older. Now if you or a spouse have wages, you can make a traditional IRA contribution at any age, just as you could and still can with a Roth IRA.

-Increases the Required Minimum Distribution (RMD) age for retirement accounts to 72.

-Permits parents to withdraw up to \$5000 from certain retirement accounts penalty-free within a year of birth or adoption for qualified expenses.

-Retroactive for 2019 tax year and going forward-allows tax-free withdrawals up to \$10,000 from a Section 529 plan to repay student loans.

-RMD's on Inherited accounts-Under the old rules for inherited retirement accounts, you could "stretch" out the account and take RMD's each year to deplete the account over the new account holder's life span. Now, if you inherit a defined contribution plan or an IRA, you must fully distribute the balance of these plans by the end of the 10th calendar year following the year of death. There is no longer a requirement to take out a certain amount each year. This does not apply to a designated beneficiary who is a surviving spouse, minor or disabled child and a few other exceptions. This change applies to distributions for plan owners who die after Dec 31 , 2019.

We look forward to seeing you soon.

Nancy, Sandie, Becky and Staff Admin's-Gina, Kathy, and Tom

**Nancy Lawrence, EA
28 N 3rd St
Souderton, PA 18964
215-799-2332**

ENGAGEMENT LETTER

Thank you for selecting Nancy Lawrence EA Tax Office to assist you with your tax affairs.

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2020 (or previous years) federal, state and local income tax returns you request, using information which you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. We've enclosed a questionnaire to help us gather the information required for a complete return. If you use the questionnaire, it will help avoid overlooking important information and contribute to the efficient preparation of your tax returns.

It is your responsibility to provide the information required for preparation of complete and accurate returns. You should keep all documents, cancelled checks, and other data that support your reported income and deductions. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You should have substantiation for all deductions that require strict documentation such as charitable contributions, travel and entertainment expenses, and for business usage of automobiles. You bear the full responsibility for the income tax returns and therefore, you should review them carefully.

Our work will not include any procedures to discover misrepresentations, fraud, illegal acts, theft, or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We must use our judgement in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In order to avoid penalties, we will apply the "more likely than not" reliance standard to resolve such issues.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

Your returns may be selected for audit by a taxing authority. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an additional engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement. Please inform us immediately of any notices from any tax agency. In preparing your return, we are not responsible for a taxing authority's assessment of underpayment penalties or interest where this action resulted from erroneous, incomplete, inaccurate, or misrepresented information provided by you, to us.

Our fee for preparation of your tax return is based on a per form/per schedule basis. All invoices are due and payable upon receiving completed taxes. Payment can be made by cash, check or credit card. For your convenience, we accept American Express, MasterCard, Visa and Discover.

Should a tax return require revision after completion through no fault of our firm, revision fees will apply. Any tax return requiring revision due to a legitimate preparation error will be revised at no charge.

We will retain copies of records you supplied to us, along with our work papers for your engagement, for a period of four years. After four years, our work papers and engagement files will be destroyed. You should retain your tax return and all supporting documentation for seven years. All of your original records will be returned to you at the end of this engagement. You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated.

We appreciate your confidence in us.

Nancy L Lawrence, EA Tax office

Accepted By: _____

Accepted By: _____

Date: _____

Client Questionnaire

Please check the appropriate box and include all necessary details.

NEW CLIENT - Fill in all applicable information

EXISTING CLIENTS - Make any changes below as necessary

Taxpayer
Name _____ SS# _____ DOB _____ Occupation _____

Spouse
Name _____ SS# _____ DOB _____ Occupation _____

Dependent
Name _____ SS# _____ DOB _____

Dependent
Name _____ SS# _____ DOB _____

Dependent
Name _____ SS# _____ DOB _____

Address _____

Home# _____ Cell# _____ Work# _____

E-Mail Address _____

Personal Information

	YES	NO
Did your marital status change during the year? If yes, explain: _____ Date of change: _____	<input type="checkbox"/>	<input type="checkbox"/>

Did your address change from last year? New Address: _____ Date Moved: _____	<input type="checkbox"/>	<input type="checkbox"/>
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Can you be claimed as a dependent by another taxpayer?	<input type="checkbox"/>	<input type="checkbox"/>
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Bank Information

Did you change any bank accounts that have been used for direct deposit (or direct debit) with the IRS or other taxing authority during the tax year? If yes, provide Bank Name _____ Routing# _____ Account # _____ Checking _____ or Savings _____	<input type="checkbox"/>	<input type="checkbox"/>
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<i>NEW CLIENT ONLY</i> - if you owe taxes, do you want to have your payment directly debited from your savings or checking account to the IRS or state? If yes, provide Bank Name _____ Routing# _____ Account # _____ Checking _____ or Savings _____	<input type="checkbox"/>	<input type="checkbox"/>
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<i>NEW CLIENT ONLY</i> - if you are due a refund, do you want to have your refund directly deposited into your checking or savings? If yes, provide Bank Name _____ Routing# _____ Account # _____ Checking _____ or Savings _____	<input type="checkbox"/>	<input type="checkbox"/>
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Dependent Information

- | | YES | NO |
|--|--------------------------|--------------------------|
| Were there any changes in dependents from the prior year? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, explain: _____ | | |
| Do you have any children under 19 or a full time student with UNEARNED income (such as interest, dividends, capital gains) in excess of \$2200? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you incur any adoption expenses? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you pay for child care while you worked, looked for work, or while a full-time student? | <input type="checkbox"/> | <input type="checkbox"/> |
| If divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities? | <input type="checkbox"/> | <input type="checkbox"/> |

COVID-19 Information

- | | | |
|---|--------------------------|--------------------------|
| Did you receive an Economic Impact Payment (stimulus)? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, amounts received:
PAYMENT #1 _____ PAYMENT #2 _____ | | |
| Did you receive a Paycheck Protection Program (PPP) loan? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, did you apply for PPP loan forgiveness? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are you a telecommuting employee that was required to "shelter in place" due to local COVID-19 protocols while working in a state that was NOT your home state? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you utilize an area of your home to perform work responsibilities? | <input type="checkbox"/> | <input type="checkbox"/> |
| If you are self-employed, were you unable to perform your self-employed activities due to coronavirus related care you needed? | <input type="checkbox"/> | <input type="checkbox"/> |
| If you are self-employed, were you unable to perform your self-employed activities due to coronavirus related care you provided to your child(ren) under the age of 18? | <input type="checkbox"/> | <input type="checkbox"/> |
| If you are self-employed, were you unable to perform your self-employed activities due to coronavirus related care you provided to another? | <input type="checkbox"/> | <input type="checkbox"/> |

Business Information

- | | | |
|---|--------------------------|--------------------------|
| Did you start a new business or purchase rental property during the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you sell an existing business, rental, or other property during the year? | <input type="checkbox"/> | <input type="checkbox"/> |

Investment Information

- | | | |
|--|--------------------------|--------------------------|
| Did you acquire or dispose of any stock during the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, we need dates of purchase and cost basis information, include 1099B forms. | | |

Real Estate Information

- | | | |
|---|--------------------------|--------------------------|
| Did you sell, exchange, or purchase any real estate during the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, provide settlement statements from the sale and/or purchase. (HUD1) include 1099S, if required. | | |
| Did you refinance a principal residence or second home this year? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, provide the settlement statement. (HUD1) | | |
| Do you have a Home Equity Loan or Line of Credit? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, was the entire loan used to buy, build or substantially improve your primary residence? | | |

Income Information

- | | | |
|--|--------------------------|--------------------------|
| Did you receive any disability income during the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did any of your life insurance policies mature, or did you surrender any policies? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you cash any Savings Bonds? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you exercise or receive stock options? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you receive unemployment compensation? Provide 1099G | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you receive cancellation of debt? Provide 1099C or 1099A | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you receive tip income not reported to your employer this year? | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, please provide amount: _____ | | |
| Did you receive any awards, prizes, hobby income, gambling or lottery winnings? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you receive any income considered to be nonemployee compensation? | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you receive alimony? Provide total received _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| Did you pay any alimony? Provide total paid _____ | <input type="checkbox"/> | <input type="checkbox"/> |

If there are alimony payments paid and or received, was the divorce or separation agreement executed after Dec 31, 2018? YES NO

Date divorce was finalized: _____

Did you have any sales or other exchanges of virtual currency (including from an air drop or a hard fork), or used virtual currencies to pay for goods or services? YES NO

Foreign Income/Taxes

Did you have any foreign income or pay any foreign taxes during the year? YES NO

Did you have a financial interest in or signature authority over a financial account such as a bank, securities, or brokerage accounts located in a foreign country? YES NO

Did you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign country? YES NO

Retirement Income Information

Did you receive Social Security Benefits? Provide SSA1099 YES NO

Did you receive any payments from a pension or profit sharing plan? YES NO

If yes, check off type: Pension __, Profit Sharing __ and provide 1099R(s) YES NO

Did you make any **withdrawals** from an IRA or Roth IRA? YES NO

If yes, check off type IRA __, Roth IRA __

If yes, were any withdrawals due to a Federally declared disaster or COVID-19? YES NO

If you received any qualified disaster retirement plan distributions, did you repay any of the distributions in 2020? YES NO

Provide form(s) 1099-R _____

Did you make any **contributions** to an IRA or Roth IRA? YES NO

If yes, check off type IRA __, Roth IRA __ and provide statement(s) showing contribution amount(s)

Education Information

Did you have any college expenses during the year on behalf of yourself, your spouse, or a dependent? If yes, provide form(s) 1098-T YES NO

Did you make any withdrawals from an education savings/529 Plan account? YES NO

If yes, provide form(s) 1099Q _____

Did you contribute to a 529 plan or educational IRA? YES NO

If yes, please provide name and amount contributed for each child(ren)

Did you make any student loan interest payments during the year? Provide 1098E YES NO

Did you make any contributions or withdrawals from an ABLE account? YES NO

If yes, provide form(s) 5498SA and 1099QA _____

Itemized Deduction Information

Do you make any monetary charitable contributions? YES NO

If yes, provide total amount contributed throughout the year _____

Did you make any noncash charitable contributions(clothes, furniture, vehicles,etc) YES NO

If value is <\$500 provide Fair Market Value of Goods donated _____

If value is >\$500 provide documentation:

Name of Donee Organization _____

Date(s) of donation _____

List of Items Donated _____

Value of Items Donated _____

Did you donate a vehicle or boat during the year? If yes, provide form(s) 1098-C YES NO

Did you have an expense account or allowance during the year from your employer? YES NO

Did you use your car on the job, for other than commuting and were not reimbursed? YES NO

Did you incur any cost for your job, for which you were not reimbursed, such as union dues, uniforms, license fees, liability insurance or small tools? YES NO

If yes, provide type of expenses and amounts of each _____

Did you incur expenses as an elementary or secondary educator? YES NO

If yes, provide amount spent _____

Estimated Taxes

YES NO

Did you make any estimated taxes for this tax year?
If so, please provide amounts by quarter:

	Apr 15, 2020	June 15, 2020	Sept 15, 2020	Jan 15, 2021
Fed 1st Qtr _____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____	
PA 1st Qtr _____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____	
Local 1st Qtr _____	2nd Qtr _____	3rd Qtr _____	4th Qtr _____	

Healthcare Information

Did you buy your insurance on the exchange? If yes, provide form(s) 1095-A
Health Savings Accounts-

Did you receive and distributions or make any contributions into an HSA?
If yes, provide form(s) 1098SA and 5498SA

Miscellaneous Information

Did you make gifts of more than \$15000 to any individual?

Did you incur moving costs because of a permanent change of station as a
member of the Armed Forces on active duty?

Did you receive correspondence from the State or the Internal Revenue Service?
If yes, explain: _____

Do you want to designate \$3 to the Presidential Election Campaign Fund?
Checking yes will not change your tax or reduce your refund.

Did you make energy efficient improvements to your main home this year?

Tax Documents Required

Provide the following as necessary:

- Forms W-2 for wages, salaries and tips
- All 1099's for Interest, dividends, retirement income, misc income, Social Security, gambling winnings, cancellation of debt income, etc.
- Brokerage statements showing investment transactions for stocks, bonds, etc.
- Sch K-1's from Partnerships, Corporations, Estates and Trusts
- Statements supporting deductions for mortgage interest, Real Estate taxes, charitable contributions, etc.
- Copies of settlement statements regarding the sale, purchase or refinance of real property. (HUD1's)
- Identity Protection PIN (IP PIN) from the IRS for yourself, spouse or dependent

If you have any additional questions, please state below: