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January 2021

Second round of stimulus payments coming soon

How much stimulus money might you receive? The bill signed by President Trump on December 27th, 2020 authorized a \$600 stimulus payment to each eligible person. However it is still possible that the payments could be increased as at the time of printing this newsletter there was still debate occurring in Congress. This \$600 figure is actually just a base amount. Your payment could be higher or lower depending on factors such as if you are married or single, file jointly with a spouse or file separately, if you have children, and what is your adjusted gross income (AGI). The IRS will look at your 2019 income tax return for your filing status, adjusted gross income, and information about kids.

Will this second stimulus payment be taxed later? The answer is no. The second stimulus payment (like the first stimulus payment from earlier in 2020) is actually just an advance payment of a new “recovery rebate” tax credit that will be in play for the 2020 tax year. This means it will not be included in your taxable income. You also will not be required to repay any stimulus payments when filing your 2020 tax return. This applies even if your second stimulus payment is greater than your 2020 tax credit.

When will you receive the second stimulus payment? The stimulus law prevents the IRS from sending second stimulus payments out after January 15th. If you haven’t received the check or direct deposit by then, you will need to claim this second stimulus payment as a “recovery rebate” on your 2020 tax return.

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Keith is an Accredited Farm Manager (AFM) through the American Society of Farm Managers and Rural Appraisers, and a graduate of Kansas State University where he majored in Agribusiness and Agronomy. He grew up near Lyons, KS and has been involved with production agriculture his whole life.

RMD – contact us to schedule your 2021 RMD

Tax Season – 1099 and 5498 forms will be mailed by January 31st

**Offices closed on the following:
January 18 – Martin Luther King, Jr. Day
February 15 – President’s Day**

Tax Tips after January 1 - There are steps you can take after January 1 to help lower your taxes and save money when preparing your tax return. One step is to contribute to your individual retirement accounts by April 15, 2021 if you haven’t done so already for 2020. Making deductible contributions to an IRA will help you lower your tax bill. Plus any contributions you make will grow tax-deferred. That’s a great deal! A second tip is to make a last minute estimated tax payment to the IRS to avoid a big tax bill (including interest and penalties) if you did not pay enough to the IRS during the year. If you make an estimated payment by January 15, 2021 you can avoid any penalty for the fourth quarter of 2020. Finally, try printing out a checklist of all the tax documents you need to complete your tax return. This will save you time and hassle!