



December 2021

Dear Client,

As yet another year riddled with Covid-related issues ends, Diane and I want to take a moment to thank you for your support, friendship and patience. The past two years have seen many CPA's flying the coop for new careers or retirement because of massive tax changes, extended deadlines, staffing issues and extreme stress. While this thought has been tempting, we are committed to our clients and our family practice. Nevertheless, we have been personally disappointed with our tax return turn-around time and sometimes belated replies to phone calls and emails.

Our New Year's resolution is to focus on improving our client services. We are hopeful that a return to normalcy will naturally bring about this goal, but we have also made the difficult decision to reduce our current client capacity. These clients have been notified already. Our determining factor was primarily based on longevity. We are always sad to say goodbye, but we'd like to focus our attention on our loyal clients such as yourself, many of whom have been part of the Friedman & Perry, CPA's family for over 40 years. We look forward to continuing to be here for your tax needs.

Now back to year-end planning. It's a doozy this year. Grab some coffee and get ready for a large dose of new tax laws!

RECENT TAX LAWS

Late 2020 and 2021 saw yet another onslaught of several major new tax laws. We have prepared separate sheets with the major highlights of these laws. They include The American Rescue Plan Act (ARPA) that was passed in March 2021. The Taxpayer Certainty and Disaster Tax Relief Act (TCDTRA) was passed on December 27, 2020 and extended many tax provisions that were scheduled to expire at the end of 2020. California saw the passage of two major laws: AB 150 Passthrough Entity Elective Tax that was designed to work around the \$10,000 SALT (state and local tax) itemized deduction limit; and Proposition 19 which dramatically changed property tax base-year value transfers. *The biggest news of all is the passage of SB 389 that allows restaurants to offer "cocktails-to-go" for an additional five years in California!* 😊

Many of you have asked about the proposed tax law changes President Biden has in store for us. The House just passed his Build Back Better bill on November 19, 2021. As we wait for it to work its way through the Senate, we have highlighted some of the potential tax impacts this bill will have on a separate sheet.



YEAR-END TAX PLANNING TIPS and TAX PROJECTIONS

We have prepared a separate sheet that includes some routine year-end suggestions and general information. Contact us to discuss your situation or for a personalized strategy. An income tax projection allows you to plan for tax liabilities, assists in deciding when your taxes need to be paid in order to avoid or reduce penalties, and what alternatives and options you have available to alter the result. This is something that can be prepared at any time during the year and can be updated as often as you desire. We use assumptions and estimates in preparing these projections, so there are no guarantees. However, it is a valuable tool to use when making an informed decision.

OTHER SERVICES

We are available for your entire professional advisory needs. We can often offer suggestions before you do something that may save you money. For example, we can assist you in deciding whether to exercise stock options, to purchase or sell a business or real estate and how to calculate the required minimum distributions from retirement plans.

2021 FILING DEADLINE

Hopefully this won't make me a liar for the 3rd year in a row, but this year's tax filing deadline is Friday, April 15, 2022.

EXTENSION REQUESTS

We will efile extension requests for all individuals whose tax information is received after **Friday, March 11, 2022**. Please note that we must have your information in hand by this date; a postmark of the deadline only works for the government! Any income tax balance due amounts must be estimated and paid by April 15, 2022 to avoid interest and penalties. All information required for us to calculate extension payment amounts must be received by **Friday April 1, 2022**. If you do not notify us otherwise or if we do not receive the necessary information for your extension calculation by April 1, 2022, we will automatically efile your extension request with "zero" balance due amounts. Please understand that we are unable to make exceptions to these deadlines.

PENALTIES

You are required to have a minimum amount of withholding and/or estimated tax payments during the year in order to avoid any potential penalties for underpayment of your tax. As a result, it is important to review your withholding and estimated tax payments before the end of the year. If you do not meet the minimum amounts you should increase your withholding or make an estimated tax payment as soon as possible.

INTERVIEW AND DROP-OFF OPTIONS

We continue to offer tax interviews over the phone or via video conferencing. For 2022, we will offer a limited number of face-to-face appointments with Diane in Fremont during the week of February 21 to February 25. You can also schedule a 10-minute appointment slot to drop off your tax package during this week. Please contact Diane by phone or email no later than January 31 to reserve your spot. As we did for 2021, we encourage all clients to provide tax documents and completed organizers electronically. I was happy to hear many of you found the process easier than expected! Documents and organizers can be uploaded to your Sharefile account (preferred method), sent via secure email, or provided via flash drive. Again, electronic transmission is not required and we understand if it's easier for you to continue to provide paper documents. Paper documents and completed organizers can be sent via FedEx, UPS or USPS to our private mail box ("PMB") in Sisters, Oregon. Our Livermore PMB has been closed so please be sure to update your records and use the address listed on the first page of this letter.

PAPERLESS ORGANIZERS AND TAX RETURNS CONTINUE

We continue to work hard to become completely paperless. The following continue for the 2022 tax season:

- **Organizer packages** – Organizers will ALL be sent via email as PDF attachments. Engagement letters can be signed electronically, questionnaires can be filled out within Adobe, and your personal organizer can be completed in certain Adobe versions. Alternatively, all of these items can be printed at home, completed by hand and then scanned or mailed to us. **Please remember, we are flexible! If you still want your package mailed to you, let us know either now or after you receive your personal organizer email in early January 2022.**
- **Completed tax returns** - We will no longer be providing paper tax return copies or payment vouchers unless specifically requested. In addition to the environmental impact and many clients telling us that paper copies are no longer wanted, this decision was made as a way for us to streamline our tax season hours. Completed tax returns will be uploaded to Sharefile without your social security number (SSN). If you would like a digital copy with your SSN, we can mail you a flash drive with a saved copy for your reference. When your tax returns are complete, I will send you an email with your results, payment instructions and options. Any original documents you sent to us will be returned by FedEx.

A NEW VIEW FOR DIANE

As some of you know by now, Diane has permanently joined me here in Oregon in order to be closer to her grandkids and to experience the joy of shoveling a snow-covered sidewalk. We have clients as far away as Hong Kong and throughout the United States who have become accustomed to working completely remote with us, however, we understand this is new for many of our Bay Area clients. We hope our transition to a paperless/remote office the past couple years has acted as a stepping stone and Diane's move will not inconvenience or deter any of you from continuing our services. As mentioned earlier, Diane will be available in the Bay Area for appointments the week of February 21-25 for those clients that want to have a face-to-face interview or personally drop off their tax package. If you are unable to drop-off your tax package that week to Diane, electronic delivery or a mail delivery will be necessary.



REFERRALS

We have always appreciated your confidence by referring your friends and family to our firm. However, in order to better service our existing long-term clients, we have currently decided not to take on new clients for the 2022 tax season. We will notify you when we are able to accept new clients again in the future.

HOLIDAY HOURS

We wish you and your families a very enjoyable holiday season and a prosperous new year. Our "office" will be closed beginning Monday December 20, 2021 to Friday December 31, 2021. However, Diane or I will be reachable intermittently during this period, so please feel free to email or call us if you have any urgent matters.

Sincerely,

Rebecca Perry Diane Perry

Friedman & Perry
Certified Public Accountants

