

MESSAGE from the PRESIDENT

Dear Members,

HE'S MAKING A LIST AND CHECKING IT TWICE...TAX SEASON IS COMING TO TOWN. I know we are all aware that tax season is quickly approaching and will be here in the blink of an eye.



For the seasoned and veteran preparer, hopefully this time of year is just another walk in the park. A time to briefly sit down with your tried-and-true checklist, stock up on supplies, contemplate changes for the new year, get your last-minute ethics CPE, wrap up a few lingering client matters before the years out (hopefully only a few), and then sit back, relax with the family, and recharge the batteries sipping a hot cup of coffee or cocoa while listening to some Holiday tunes. For those of you relatively new to the industry, this time of year might be riddled with a bit more stress and panic. *Don't let that be you!* I think it's common knowledge that a good checklist can save a lot of time and stress. Spend the time to create one or refine the one you already have and you'll be glad you did. Ultimately, you should end up with a more efficient process for the future and end up with the most important thing for this time of year...more time with your loved ones and less stress!

By this point you've likely completed all your needed CE and CPE for 2021 by taking some fantastic Federal education offered by National or NJ focused education offered by us, your local NJ State Chapter. You may have recently completed the **Tax Season Updates** workshop and I hope you were able to join us for our December 3rd webinar on **NJ Taxation of Retirement Income**. Don't forget to complete all that excellent education with our famous, must attend if you prepare NJ tax returns, 6hr **NJ Famous State Tax Seminar**. This is truly a seminar that a NJ tax preparer should not miss. NJ Taxation University instructors lead us through all the important changes for the upcoming tax season and **Kathryn Keane, EA** is the cherry on top closing it out with NY State tax updates. If you've attended before, you know you will never miss it again. If you don't know what all the fuss is about, then get yourself registered to find out for yourself!

On behalf of our NJ Chapter Board, I'd like to wish you all a safe and Happy Holidays and a Happy New Year!

Joshua C. Melum, EA

Josh has been a member of NATP since 2012 and is the owner of JCM Tax Service, located in Cream Ridge, NJ. He received his EA designation in 2014 and joined the NJ Board of Directors in 2015. When not working, Josh will be found spending time with his wife and three children, Charlotte, Mason, and Freya. He can be reached at josh@jcmtaxservice.com.

save the DATE

SATURDAY, JANUARY 8, 2022

NJNATP FAMOUS STATE TAX SEMINAR

Virtual Event

Speakers: Taxation University
Kathryn Keane, EA

—
*Flyer enclosed with this newsletter
Topics listed!*

Article regarding the Webinar inside newsletter

events for 2022:

**WILL BE DETERMINED AT PLANNING
MEETING OF THE EXECUTIVE BOARD**

BOTH WEBINARS AND LIVE EVENTS

Dates, topics, speakers to be published in next newsletter

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- A Special Engagement Letter? Maybe, Yes!

From the Editor

BY JEAN MILLERCHIP, EA



HERE WE ARE, IN THE MIDST OF HOLIDAY PREPARATIONS, AND HEADING TOWARDS THE END OF ANOTHER YEAR! Now, that November 30th has passed, we are officially finished with Hurricane Season. We were spared this year down the shore, but Hurricane Ida certainly wreaked havoc on many other parts of the state – so casualty losses will be a part of tax season again. I've had phone calls already, as I'm sure, many of you have also.

For those of you who participated in the **Webinar** on December 3rd, you learned a lot from our speakers from **Taxation University**. The topic was **Reporting Retirement Income to NJ** – and, I felt, it was one of the best webinars we have had. Many thanks to Board members, **James Jimenez, Alyce Taylor**, and all other Board members who were responsible for the event. In this newsletter, I have included a chart showing the increase in the **Pension Exclusion** for 2021. *This can help with some year end planning!*

To hear more from the State of NJ, and the updates, make sure you register for the **State Tax Seminar on January 8, 2022**. An article is included, explaining why it is virtual again for the coming year. Register soon – *you don't want to miss it!!* The flyer for the event is a part of this newsletter.

Hopefully, you have taken advantage of the **NATP Tax Season Updates**, whether in person or virtual; we need all the preparation we can get for the upcoming season. Does it seem as if one tax season runs into the other, with no break in between?? With extended filing deadlines (and will we have another one ??), and clients who procrastinate, it seems as if there is no ending! I have been in the tax business for 46 years, and I remember looking forward to an extended break after the filing deadline- now it just keeps going!

My best wishes to all of you for the holiday season. Hopefully, spending time with families will be on the agenda. Stay safe and a Happy and Healthy 2022.

Until next time.....

Jean Millerchip, EA has been in the tax business for 45 years and is in private practice in Lavallette, New Jersey. She earned her EA license in 1985. Jean has been a member of NATP for 31 years, and served on the NJ Board of Directors from 1991 until 2009, in various positions, including Treasurer, Secretary, Vice President and President. In 2008, Jean was elected to the National Board of Directors, and served a full 9 year term, during which she served as the National Vice president for 5 years and the National President for 2 years. Jean can be reached at jean.millerchip@gmail.com.

INTERNS

BY MARILYN H. AYERS, CPA



LAST YEAR, I URGED ALL OF YOU TO CONSIDER HIRING AN INTERN IN THE WINTER NEWSLETTER DUE TO COVID. This year I am urging you to again consider hiring an intern due to post traumatic stress, at least that is why I am calling this year! During a recent board meeting, Colette Taylor, one of our past presidents, gave some very wise advice about dealing with our stress. If you are feeling grouchy, tired and on edge, that is because we have all dealt with a very traumatic event. We need to return to some normalcy, as safely as possible and make a plan.

The pandemic has affected every aspect of our lives and, when you are a business owner, it is magnified. As we approach another tax season already exhausted and overwhelmed, an intern just might be the answer, even for a small tax office, to get through another crazy year! I have been preparing taxes for nearly 40 years and have loved every minute, until these past two years. The stress and worry took the fun out of it! As we try to figure out how to handle another tax season with many client's prior year returns not yet processed, we need to come up with a plan to survive and maybe even flourish during 2022!

I have hired a few interns over the years, and they are easy to find. My first time around, I called the local college and asked to speak with someone in the accounting department and before I knew it I had resumes! Did you know that most colleges require their students to have an internship in their chosen field to graduate?

Interns come without much knowledge or experience but with a lot of energy and willingness. I remember my own internship in college and am so thankful that I was given that opportunity and many more during my professional life that brought me to where I am today. It is wonderful to pass along that opportunity, to pay it forward!

No matter how small your office, even a home office, there is plenty of work to go around during tax season. Scanning, copying, and filing are time consuming, and an intern will be happy to help. Make sure you take the time to explain what you want them to do, how to do it and why. It will relieve some stress of the busy season and give a student an opportunity to see firsthand how a tax office works. *Perhaps you will inspire someone to join our wonderful profession!*

Marilyn graduated from Rider University in June 1978 with a degree of Bachelor of Science in Accounting and earned her CPA license in 1990. Marilyn's practice, established in 1988, provides tax and accounting services to approximately 900 individual clients and businesses, where service is the number one priority. Marilyn has been a member of NATP since 2000 and served on the New Jersey Board of Directors from 2004 through 2016, including secretary, vice president and past president of the New Jersey Chapter. Marilyn is also a member of the AICPA and the New Jersey Society of CPAs.

CONGRATULATIONS

NJNATP OFFICERS!!!!

At the recent NJNATP Board meeting, conducted through ZOOM, officers were elected for the upcoming year- 2022.

The officers for 2022 are:

President: Josh Melum, EA

Secretary: Joe Wisniewski, CPA

Vice President: Alyce R. Taylor

Treasurer: Ethan Hundley, CPA

Congratulations and best wishes for a most successful year.

NJ TAX TIP OF THE QUARTER

WINTER 2021

BY MARILYN H. AYERS, CPA



AS TAX SEASON 2022 APPROACHES, IT FEELS LIKE LAST TAX SEASON NEVER ENDED! As challenging as 2021 tax season was, I believe 2022 will be another tough year. There are still so many returns not yet processed and the corrections are ongoing. Here are a few tax tips and ideas to keep in mind this tax season:

- **Prior to completing 2021 returns**, review every 2020 return with the client to be sure corrections made due to the **American Rescue Plan Act** in March of 2021 including the change to unemployment and repayment of premium tax credits, for example. Consider developing a check list to be sure each return is reviewed for accuracy based upon the March 11, 2021 changes. I have found that in some cases, the change in AGI triggered other credits, etc. that were not addressed by IRS.
- **NJ Corporate Business Tax Combined Reporting Initiative** filing was extended to **January 3, 2022** for the 2020 returns.
- **New Jersey extended the filing deadline for individual taxpayers** affected by IDA until January 3, 2022.
- **The 2022 budget** included a few noteworthy items:
 - **A \$500 tax rebate** was issued to families this past fall. The rebate was for taxpayers with children whose income was less than \$150,000 for married filing joint and \$75,000 for all other brackets.
 - **The Child and Dependent Care credit** was expanded and become refundable.
- **The NJ Health Insurance mandate** continues for tax year 2021.
- **NJ Retirement Income exclusion** will increase for 2021 to \$150,000. You can exclude all or part of the pension income reported if the taxpayer was age 62 or older or disabled and their income for the entire year was \$150,000 or less. The exclusion amount is based upon your filing status. If your income is between \$100,000 and \$150,000, only a portion of your taxable pension will be excluded based upon your filing status.
- **Don't forget BAIT!** Established in 2020, **New Jersey BAIT** is an election for pass-through entities to pay the tax due on the sum of each member's share of distributive proceeds at the entity level rather than the member/shareholder level. It is not a mandatory election but must be made annually by filing form **PTE-100** on or before the original due date of the entity's return. It cannot be made retroactively. Eligible entities include **partnerships, S-corporations, that have made the NJ S-corporation election, and LLCs**. It does not include single member LLCs or sole proprietors.

The entire Board of Directors for the NJ Chapter wish each of you a successful and safe 2021 tax season!

Marilyn graduated from Rider University in June 1978 with a degree of Bachelor of Science in Accounting and earned her CPA license in 1990. Marilyn's practice, established in 1988, provides tax and accounting services to approximately 900 individual clients and businesses, where service is the number one priority. Marilyn has been a member of NATP since 2000 and served on the New Jersey Board of Directors from 2004 through 2016, including secretary, vice president and past president of the New Jersey Chapter. Marilyn is also a member of the AICPA and the New Jersey Society of CPAs.

LETTER NUMBER 6419!!

YOU'VE HEARD IT ALREADY: if you attended TaxCon; if you have attended a **Tax Season Update** session; if you read the **Fall 2021 NJ Taxing Times**; as well as through other sources.

Letter 6419 will be sent to all clients who received any of the Advanced CTC in 2021. We **MUST** see this letter, in order to know the correct amounts that were received. Can we trust what our clients "remember"?

Make sure you read the article, entitled "*A Separate Engagement letter*" written by Alyce Taylor, as a suggestion for your practice.

Of course, we also have to know about the Economic Stimulus payment that they received in 2021! This promises to be another challenging tax season.

SOCIAL SECURITY BOOKLETS FOR 2022

As an additional bonus for NJNATP members, the Chapter will be mailing out a copy of the Guide to Social Security for 2022 booklet in the immediate future.

The booklet provides a simple explanation, complete with benefit tables for your reference of the aspects of Social Security to help with planning for you, as well as your clients.

The NJ Chapter has been providing this benefit for many years, and, since it has been so well received, hopes to continue to do so.

Watch for your copy in the mail!!

WELCOME BACK GATHERING!

BY ALYCE TAYLOR

THE NJNATP BOARD OF DIRECTORS held a Welcome Back gathering for its state members during the NATP Tax Forum, which was held at Harrah's in Atlantic City in October. We wanted to celebrate, finally, seeing one another in person!

A few members of the Board welcomed guests at the new Rum Point Crab House at Harrah's for some light appetizers and a free drink on us. Attendees were able to mingle amongst other professionals from around the state, gaining contacts and connections. This type of networking is priceless, especially during tax season!

Hopefully, next year, we will have safe enough environment to see more familiar faces!

HURRICANE IDA *and the* aftermath

BY DIANE BISHOP, EA

AS WE ALL PREPARE TO ENTER TAX SEASON 2022, MANY NEW JERSEY PRACTITIONERS WILL FIND THEMSELVES DEALING WITH THE AFTERMATH OF AN EXTENDED 2021 TAX SEASON.

Hurricane Ida resulted in 12 of NJ's 21 counties being designated by the **Federal Emergency Management Agency (FEMA)** as disaster areas eligible for Individual Assistance.

IR-2021-179 issued on September 8th followed by NJ-2021-01, originally issued by the IRS on September 9th and updated several times, provided tax relief to individuals and businesses in **Bergen, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Morris, Passaic, Somerset, Union, and Warren** counties.

Affected clients eligible for relief are individuals who live in and businesses whose principal place of business is in the covered disaster area. Any taxpayers whose records are in the covered disaster area as well as certain relief workers assisting in the area and individuals injured/killed while visiting the area may also be eligible for tax relief.

Certain deadlines falling on or after September 1, 2021, and before January 3, 2022 were postponed to January 3, 2022:

- Individuals with valid extensions to file their returns by October 15, 2021 (Payments are not eligible for extension relief as they were due May 17, 2021 - prior to the disaster date)
- Calendar-year partnerships and S Corporations with valid extensions to file their returns by September 15, 2021
- Calendar-year corporations with valid extensions to file their returns by October 15, 2021
- Calendar-year tax-exempt organizations with valid extensions to file by November 15, 2021
- Quarterly estimated tax payments normally due September 15, 2021
- Quarterly payroll and excise tax returns normally due November 1, 2021

Additionally, penalties will be abated for affected taxpayers on:

- Deposits due after September 1, 2021 through September 15, 2021 provided they were made by September 16, 2021
- Estimated tax payments originally due on or after September 1, 2021 through January 2, 2022 provided they are made by January 3, 2022

Should any of your affected clients receive a late filing or late payment penalty notice from the IRS for the above extended time frames, the penalty can be abated by calling the telephone number on the notice.

Affected taxpayers are eligible to claim disaster-related casualty losses. The casualty loss can be claimed on either the 2021 or 2020 tax return. The FEMA disaster declaration number DR-814 should be used on Form 4684. If claiming the loss on a 2020 original or amended return, the Disaster Designation "**New Jersey - Hurricane Ida**" should be written in bold letters at the top of the return. Refer to **IRS Publication 547 - Casualties, Disasters, and Thefts** - for more information.

The IRS will waive fees for affected taxpayers who file Form 4506 or Form 4506-T. The Disaster Designation "**New Jersey - Hurricane Ida**" should be written in bold letters at the top of the form.

New Jersey is following the federal guidelines for tax relief provided by the IRS in IR-2021-179. Paper returns or mailed payments should have "**Presidential Disaster Relief Area, Hurricane Ida**" noted on them in black ink.

NJ information can be found at

<https://www.nj.gov/treasury/taxation/hurricaneida/shymj>

For practitioners filing Pennsylvania and New York returns, the following counties are eligible for IRS and their respective state tax relief:

• PA — <https://www.revenue.pa.gov/News%20and%20Statistics/TaxUpdate/Documents/taxupdate215.pdf>

Bedford, Bucks, Chester, Dauphin, Delaware, Fulton, Huntingdon, Luzerne, Montgomery, Northampton, Philadelphia, Schuylkill, and York

• NY — <https://www.tax.ny.gov/pdf/notices/n21-5.pdf>

Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster and Westchester

Diane Bishop, EA, MST, USTCP has a small practice in Jersey City. Diane has been a member of NATP since 2014, and is currently serving her first term on the NJNATP Board of Directors. Diane has been an EA since 2006. She earned her Masters in Tax from Florida Atlantic University in 2015, and passed the United States Tax Court exam to earn her USTCP designation in 2018. You can reach Diane at dianebisoptax@gmail.com.



Pension Exclusion

Maximum Pension Exclusion

Filing Status:	Income on line 27 (Total Income):		
	\$0 - \$100,000	\$100,000 - \$125,000	\$125,000 - \$150,000
MFJ	\$100,000	50% of line 20a	25% of line 20a
Single/HOH/QW	\$75,000	37.5% of line 20a	18.75% of line 20a
MFS	\$50,000	25% of line 20a	12.5% of line 20a

DON'T MISS OUT!!!

FULL, FUN DAY OF EDUCATION!!

NJ FAMOUS STATE TAX SEMINAR **January 8, 2022**

This has always been a popular and very well attended education event, because where else can you get NJ Updates and timely topics?

In the past, at least until last year, it was conducted as an in person event. However, due to continued COVID restrictions, it will be offered in 2022 as Webinar again, since Taxation University is not permitting any instructors to present in person. We can certainly hope to be in person in 2023!! Be sure to sign up through njnatp.com at the link provided.

On another note, the NJNATP Board of Directors are always brainstorming as to the types of education topics work best for the members/attendees. Our VP, Alyce Taylor, is the Education Chair and coordinates the events. We need your help with suggestions for future topics- whether for taxation or practice management.

Please send your ideas to Alyce at alycetaylor@hotmail.com. We need your input for future seminars!

ENROLLED AGENTS (EA)

MISSING FREE CONTINUING EDUCATION (CE) CREDITS PER YEAR?

SOLUTION

JOIN NATP AT PROFESSIONAL LEVEL

FREE 8 CREDITS YEARLY-INCLUDES 2 HOURS OF ETHICS

BY GWEN RADLOFF, EA

HOW TO GET CREDITS:

Sign in at NATP website, go to “Events and education-online”, click “On-demand webinars”, scroll down to “Ethics for Tax Professionals On-Demand Webinar”, and click register — at checkout Use code **FREECPE**. Do the same for your second choice of yearly courses.

With 4 credits now done, go back to “Events and education-online”, click “TAXPRO Journal Exam CPE”, scroll down for each of four quarters per year, and click “Exam registration”.

NOTE: you can read the material off the computer and see the exam for practice before actually taking the exam. There are really only 2-3 pages to read and 5 straight forward questions to answer (need 4 correct to get credit).

Imagine - how many of you have not taken advantage of these 8 free credits yearly and you can take them at your convenience for up to one year from registration?

Do yearly for three years and you have ½ your requirement at no cost.

Thank you NATP!

Do not forget all the other benefits — ex. yearly one free question

GOOD LUCK



FAMOUS NJ STATE TAX SEMINAR
Saturday, January 8, 2022
Webinar



8:15am - 8:30am - Keynote, John Ficara, Acting Dir., NJ Division of Taxation

8:30 am — 9:20am - NJ Tax Updates: Individual & Business

9:30 am — 11:20am - NJ Sales & Property Tax Programs

11:20 am — 12:10pm - NJ Bait

12:10pm — 1:00pm -NJ Discussion Panel/ Break

1:00pm — 1:50pm - NY State Tax Updates: Individuals

2:00pm — 2:50pm - Post Pandemic Practice Management

NJ NATP Chapter

Presented by

NJ Taxation University

(The Education and Media Branch of the NJ Division of Taxation)

Along with

NY Updates by Our Colleague from New York, Kathryn Keane, E.A.

All materials will be provided electronically

A secure link to a copy of the materials will be sent up to 3 days in advance

A copy of the materials will also be available for download during the Webinar

6 CPE CREDITS*

Members: \$95

Non-Members: \$145

Cancellation after 1/05/2022: \$10

NOTE: At our past January seminars, NJ NATP collected donations of winter clothing items (scarves, gloves, mittens, hats) to support The Angels Community Outreach. As we will not be meeting in person for this seminar, the Board of Directors will be making a \$250 monetary donation on behalf of our chapter membership. For more information or to make an additional donation, please visit <https://angelsoutreach.org>

*Attendees will be responsible for reporting their CE credits in accordance with their respective reporting requirements. To ensure the integrity of this program, attendance will be periodically monitored for late arrivals/early departures and credits will be adjusted accordingly. NJ NATP is registered as a sponsor of Continuing Education for the Internal Revenue Service (Sponsor #458) and the NJ State Board of Accountancy (Sponsor #531), which have final authority on the acceptance of individual topics for CE credit. This program does not qualify for CE Credit for EAs under Treasury Department Circular 230, Section 10(g). It qualifies for 6 CPE Credit under New Jersey AC 13:29-6.7. Each credit is based on a 50-minute credit hour. Field of Study: State Tax Topic/Updates (5) Practice Management (1). Prerequisite: None. Level of Knowledge: Basic.

A SEPARATE ENGAGEMENT LETTER?? MAYBE, YES!

BY ALYCE TAYLOR, NJNATP-VP

AS WE GET CLOSER TO THE NEW YEAR, I have become increasingly aware of the extreme hours I have wasted away, chasing missing refunds! More likely than not, the delay was related to incorrectly reported stimulus payments. After hours of waiting on hold, we, as preparers, have found that the money WAS deposited, in full, way back last May! **Sound familiar????**

This year, with yet another \$1400 stimulus and the CTC money, I am looking for a solution to this headache. After speaking to other preparers, listening to their suggestions, rejecting ideas and making revisions, I finally have a plan!

Engagement letters just were not covering it. Did the client even read this letter line by line? What do you think? This year, we, as preparers, cannot afford the time spent chasing phantom money due.

Every year, before the tax season begins, each client receives an organizer to help them collect their tax information. Perhaps, a separate form asking about the stimulus and CTC payments is also necessary. This form would need to be filled out and signed by the client, and returned. Will the clients still bring the correct information? Maybe not, but, with the signed document, the onus is on them.

Remember the divorced parents who claim the child every other year! Do they communicate with each other? Which one received the stimulus payment/CTC for the dependent? What an interesting year ahead of us!!!



Website: www.njnatp.com or call 609.752.0707

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609-633-6657 for Personal Income Tax
609-633-6905 for Business Tax

IRS PRACTITIONER HOTLINE
For practitioners with POA on file to call
about a specific client problem:
866-860-4259
Tax Law Questions: 800-829-1040

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