

**TRIPP & ASSOCIATES**  
**Certified Public Accountants**  
**595A Lytton Ave.**  
**Palo Alto, CA 94301**

-----  
**(650) 329-0520; Fax (650) 329-0610**

January 31, 2022

Dear Client,

Enclosed is your 2021 Income Tax Data Organizer. We have designed this organizer to assist you in compiling the information necessary for us to prepare your 2021 Income Tax Returns. Please complete the organizer in pencil, attaching additional schedules if necessary. If a section of the organizer does not apply to you, please write "N/A" across the non-applicable pages.

In addition to the organizer are pages 1A and 1B. These relate to reporting for the Affordable Care Act, cryptocurrencies, and foreign bank account reporting requirements. Please review these pages carefully and return the completed pages to our office with the rest of your tax return organizer. If you have questions regarding these pages, contact Tracy Tripp.

Pages 16 and 17 of the organizer contain a detailed checklist of major items of income, expense, and tax credits. Please determine if any of these items apply to you. Attach a separate sheet of paper describing the applicable items. For 2022, if you anticipate significant changes from your 2021 income or deductions, please complete page 18.

When you have assembled the necessary information for your 2021 Income Tax Returns, call to make an appointment and/or mail us the following information:

- The completed Income Tax Data Organizer
- All W-2 wage statements
- All forms 1095-A, 1095-B and 1095-C reporting medical insurance
- All forms 1099 and other statements of interest, dividends, and other income received
- All documentation indicating payments of interest, taxes, charitable contributions, and other deductions
- All escrow statements and instructions for any property purchased or sold during the year
- All confirmation statements from brokers reflecting purchases and sales of securities
- Any notices received from the Internal Revenue Service or Franchise Tax Board during the last year
- Any other items that you feel may affect your Income Tax Return.

As always, careful preparation of the enclosed Income Tax Data Organizer will assist us in preparing your income tax returns as quickly and efficiently as possible. Due to changes in the tax law related to Covid relief and other changes, returns may take longer to prepare, and more clients may be put on extension. For clients bringing in their tax information after March 1, or any clients that may be eligible for the IRC 199A deduction, it may be necessary to request an Automatic Extension of Time to File.

If you have any questions, please do not hesitate to call.

Very truly yours,

Tripp & Associates  
Certified Public Accountants

**There have been many federal and state tax law changes over the past few years. Some of the more important ones are noted below.**

- On March 11, 2021, President Biden signed the America Rescue Plan Act (ARPA) of 2021. This was the third round of Covid relief and authorized \$1,400 payments for taxpayers and their dependents. The ARPA made student loan debt forgiveness tax free, added an additional \$7 billion to the PPP loan program, and expanded several tax credits including: child tax credit, child and dependent care credit and the earned income tax credit.
- On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This \$2.2 trillion economic stimulus bill was in response to the economic fallout of Covid-19. The major provisions of this law were \$300 billion in one-time cash payments to individual Americans (with most single adults receiving \$1,200 and families with children receiving more), \$260 billion in increased unemployment benefits, the creation of the Paycheck Protection Program (PPP) that provides forgivable loans to small businesses with an initial \$350 billion in funding (later increased to \$669 billion by subsequent legislation), \$500 billion in loans for corporations, and \$339.8 billion to state and local governments. The CARES Act is complicated and impacts many taxpayers in different ways. If you were a beneficiary of the CARES Act, particularly if you received a PPP Loan, please let us know right away.
- The Setting Every Community Up for Retirement Enhancement (SECURE) Act was put into law at the end of 2019. The major elements of the bill include: raising the minimum age for required minimum distributions from 70.5 years of age to 72 years of age; allowing workers to contribute to traditional IRAs after turning 70.5 years of age; allowing individuals to use 529 plan money to repay student loans; eliminating the so-called stretch IRA by requiring non-spouse beneficiaries of inherited IRAs to withdraw and pay taxes on all distributions from inherited accounts within 10 years; and making it easier for 401(k) plan administrators to offer annuities.
- California Assembly Bill 5 or AB 5 is a CA state statute that codifies into law a landmark Supreme Court of California case, Dynamex Operations West, Inc. vs. The Superior Court of Los Angeles County, and which holds that most workers are employees, ought to be classified as such, and the burden of proof for classifying individuals as independent contractors belongs to the hiring entity. AB 5 is complicated and the penalties for misclassification can be extreme. If you believe your business has AB 5 classification concerns, we suggest that you speak with an attorney specializing in employment law right away.
- If you have any interest or signature authority over a foreign financial account, you may be required to file a special form (FinCEN Form 114) with the U.S. Treasury. The due date for the filing of these forms is April 15<sup>th</sup>, but can be extended. This form is filed separately from your federal income tax return. There are major penalties for failure to comply. Also, significant additional reporting in your income tax return may be required if foreign financial assets exceed \$10,000. Please contact us if you have any financial accounts or investments held outside the U.S.

**The following represents suggested record retention guidelines for income tax and other financial records.**

- **Income tax returns** should be kept indefinitely. Supporting documents such as cancelled checks, receipts and expense diaries should be kept for 7 years and then shredded. This would include all correspondence from the IRS and state tax agencies.
- **Confirmations** of stock, bond and mutual fund trades should be kept until 7 years after the asset is sold. Please keep all stock option and employer stock purchase plan reports.
- **Closing escrow statements** for all purchased real estate as well as receipts for all improvements should also be kept for 7 years after sale of the property. In the case of rental property, please keep all depreciation schedules for the same length of time.
- **Deposit records** for IRA and self-employed retirement plan contributions should be kept until 7 years after all accounts have been depleted.
- Due to potential identity theft, it is generally recommended that any financial documents for disposal be shredded.
- If you receive a check from the IRS or FTB, we suggest that you make a copy of the check for your records prior to deposit.
- Always safeguard **personal documents** such as birth certificates, divorce and property settlement agreements, military discharge papers, bonds, estate tax returns, partnership agreements, deeds, insurance policies, wills and trust documents.