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Actions taxpayers should take, regarding 2021 returns

Preparing to file saves time, energy for both taxpayers and tax preparers

APPLETON, Wis. (Dec. 14, 2021) – The end of the year is upon us. After the holiday season comes another season that is celebrated far less, especially by taxpayers who have tax liabilities – tax season.

There are steps taxpayers can take, especially those who received stimulus payments or advance child tax credit tax payments, so their 2021 tax filing experience goes smoothly in 2022.

1. Gather and organize tax records

Organized records make preparing a complete and accurate return easier. While this could mean the taxpayer needs to do some legwork if they haven't been keeping/organizing records throughout the year, gathering these as soon as possible will help avoid errors that lead to processing delays that slow refunds. This includes the following:

Revenue (income) related:

- Forms W-2 from employers and/or SSA-1099 for those who receive Social Security benefits
- Forms 1099 from banks, issuing agencies and other payers including Form 1099-G for unemployment compensation, Form 1099-DIV for dividends and capital gain distributions, and Form 1099-R for distributions from a pension, annuity or retirement plan
- Form 1099-B for sales of securities
- Form 1099-INT for interest received
- Form 1099-K, 1099-MISC, Form 1099-NEC or other income statement for workers, especially those in the sharing/gig economy or those who are self-employed
- Schedule K-1 from S corporation, partnership, trust or estate activity
- Records of virtual currency transactions

Expense (deduction) related:

- List of contributions of cash and non-cash property made to qualifying organizations including name of organization, date of contribution and dollar amount. Be sure to keep any acknowledgments received.

- Form 1098 for mortgage interest
- Property tax statement(s)
- Day care tax statement(s)
- Amount and date of any federal and state estimated tax payments
- Form 1099-SA/Form 5498-SA for distributions/contributions from/to a health savings account (HSA), Archer medical savings account (Archer MSA) or Medicare Advantage medical savings account (MA MSA)
- Settlement paperwork for the purchase and/or sale of real estate
- List of expenses (type of and dollar amount), including a mileage log, for sharing/gig economy businesses or those who are self-employed. This is also applicable for those with rental property.
- IRA and self-employed SEP, SIMPLE, and qualified plan contributions
- Educator expenses (for teachers typically)

For those with shared custody of children, have a discussion with the other parent to ensure everyone is on the same page regarding which parent takes the “dependent” related benefits.

Other documents, if applicable:

- Letter 6419, *2021 Total Advance Child Tax Credit Payments*, to reconcile advance child tax credit payments
- Letter 6475, *Your 2021 Economic Impact Payment*, to determine eligibility to claim the recovery rebate credit
- Form 1095-A, *Health Insurance Marketplace Statement*, to reconcile advance premium tax credits for Marketplace coverage

2. Confirm mailing and email addresses and report name changes

To ensure timely receipt of the important tax forms above, as well as a refund if applicable, taxpayers should confirm now that each employer, bank and other payers have their current mailing and email address. Address changes can be reported to the IRS by completing Form 8822, *Change of Address*. Legal name changes should be reported to the Social Security Administration.

3. Review withholding and make adjustments for 2022 if needed

Withholding is a big component that determined how much federal and state tax liability a taxpayer has. Changing withholding can help avoid a tax bill or let taxpayers keep more money each payday. Life changes may also be reasons to change withholding. (Think: marriage, divorce, welcoming a child or taking a second job.) A [qualified tax professional](#) can help taxpayers with decisions about withholding.

Estimated tax payments should also be considered for those who receive a substantial amount of self-employment income, investment income, taxable Social Security benefits and, in some instances, pension and annuity income. The last payment for 2021 is due Jan. 18, 2022.

For more information about NATP, visit natptax.com. To speak with an expert, email Nancy Kasten (nkasten@natptax.com) or Samantha Strong (sstrong@natptax.com).

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