



## General, but timely, thought provoking and motivating information for the clients, friends and families of Nagel CPAs, LLC.

Greetings to all:

As I write this newsletter several important things are happening in Washington.

First, the house is debating lifting the debt ceiling to avoid a full government shut down.

Second, the House is debating the finer points of the 3.5 trillion-dollar social infrastructure bill. This is the proposed legislation with the new funding of the IRS to enhance collection of new revenue raised by tax increases.

Third, the Fed and Treasury are closer to beginning steps to control inflation, finally.

I know it's not popular and many psychologists have been discouraging this but watch the news so we can have an informed discussion to determine your best tax planning strategies for this year end. Q4 is here.

### **Did you get a "love letter" recently from the IRS?**

Several of you have received letters regarding "math mistakes" in 2020 tax returns recently filed. This is a very unfortunate characterization of reality. Nearly one hundred percent of these letters refer to Recovery Rebate Credits that are overstated and thus corrected by the IRS. If you have already received Stimulus payments, you can't collect them a second time with your return. Apparently, a fair number of taxpayers, "forgot" (or failed to check) whether they received these Stimulus Payments by auto deposit direct into their bank.

Oops. Fortunately, no penalties have been assessed, so far.

### **Time to pay up, by year end.**

Some taxpayers were granted relief (by the CARES Act) for paying Self Employment tax due with their 2020 returns and instead could pay it over two installments. The first installment is due by end of year 2021. Failure to pay timely is quite costly. Click [here](#) for more information.

### **Just because you lost money in 2020 does not necessarily mean you will not pay tax.**

That sounds counter-intuitive. For years there have been very complicated rules on when losses can be deducted and by how much. Passive loss rule, basis limitations, at-risk amounts. Those rules became even more restrictive since the TCJA "Excess Loss Limitations", effective January 1, 2018. The CARES Act allowed a reprieve for 2018-2020, but not 2021 forward. If you anticipate a large loss in 2021, now is the time to quantify what the implications are for deductions against other sources of income and on estimated payments. Call us just after the October 15 filing deadline so we can help you understand the issues and plan accordingly.

## I know, let's start a Cannabis business. We'll all get rich!

Well, we haven't seen that so far, but the government sure is rakin' in the dough. Click [here](#) to read my recent Rio Rancho Observer article for a reminder on the hurdles of new business start-ups.

### One last thing...support the Rotary Club of Rio Rancho in their literacy campaign for young students.

Known as the Dick Hillier Tutoring Program, we hope to continue our extra effort supporting teachers and families to overcome learning losses during the Pandemic. For more info call me or Earl Waid, 505-250-9070 and view [www.dickhilliertutoring.com](http://www.dickhilliertutoring.com).

This is one charitable program where everyone wins, now and well into the future. Please help – all funds go to teachers who spend time one on one with selected third and fourth grade students in need.

Roger C, Nagel, CPA/PFS, CMA, CGMA

From our colleagues at Archer  
Investment corporation:

Market Recap WEEK OF SEP. 13  
THROUGH SEP. 17, 2021

*If you know someone that would benefit from the information provided in these newsletters please contact [rlamar@nagelcpa.us](mailto:rlamar@nagelcpa.us), or call 505-898-2558 to add them to our subscriber list.*



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