

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

there are a few tips you can share with your clients to save them money on taxes for the 2020 filing year (next year). Our advice to our clients is to keep records ...

Mar. 25, 2020



Amid all the changes to society caused by efforts to slow the spread of Coronavirus, there are a few tips you can share with your clients to save them money on taxes for the 2020 filing year (next year). Our advice to our clients is to keep records — in the simplest format for them, like a one-line reminder in a notebook, an email flagged important, a personal calendar event record, et cetera.

Understandably, they will have a million things to worry about during this crisis, but the objective here is to lessen their tax liability for next year. Unless the IRS makes changes to the tax code for next year, they should be able to lower their tax bill

by taking medical deductions, claiming any capital losses and accounting for any

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Fortunately, capital losses do lessen tax liability, off-setting their 2020 tax bill next year. The risk is that if they lose access to transaction records, you will have a hard time helping them piece together their trade history and report their aggregate capital losses accurately. My firm specializes in cryptocurrencies, so we advise our clients to save their trade data regularly in case of an exchange closure from which they cannot recover their data. While it is possible to try to piece together their transactions (from email confirmations, screen shots, etc.), it is easier to have the complete records in a useful format.

Additionally, we advise clients to look at their portfolio again in December 2020 before the close of the 2020 tax year. If the value of their assets significantly declined and did not recover by year-end 2020, they may want to evaluate if they want to realize these losses for tax purposes. Each individual client's situation is unique, but our approach has been to help clients [harvest their losses](#) with the assistance of our software that aggregates gains and losses.

### ***Medical Deductions***

Naturally, all clients should keep records of any expenses related to medical care, even when there is no global pandemic. It may be easiest for them to use credit card statements to track their expenses, and a simple folder that they can throw medical receipts and billing statements in will help keep their records in one place. Of course we hope none of your clients fall ill, but having a designated spot to keep any papers beforehand will help them save money later on.

Some clients forget that their health insurance premiums through the Healthcare marketplace, COBRA or other individual insurance are included in their medical deduction, so it can be helpful to remind them to have this amount on hand.

Similarly, it's useful for them to keep their doctors' addresses, so they can look up

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

1. Have clients keep track of days worked from home. Amid all the confusion, it's hard for most people to remember exactly when their company decided to have employees work from home. It's useful to keep track in a calendar or the typical "WFH" email to the team if some are still at the office. For tax purposes, it doesn't need to be perfectly organized because all they are documenting is the number of days worked from home out of the year.
2. Remind them that a home office needs to be a separate area from the rest of their residence, and they can only use it for work.
3. Have them keep records of any work-related expenses. If they are working from home for an extended period of time, you can discuss with them the implications of deducting a portion of their mortgage interest, property taxes, homeowners insurance and utilities.
4. In the cryptocurrency space, many of our clients travel for conferences or work at different offices around the world throughout the year, so we always start a conversation with them about their place of residence and place of work. In the current situation, you may want to ask your clients if they recently moved and if they live and work in the same states that you can advise them on their state income taxes and W2 forms. For prolonged work from home situations, their W2 may need to reflect their state of residence, instead of the state of their company's office.

### *Considerations for 2019 Taxes*

The U.S. Federal government and State governments are continuously updating their approach to handling the Coronavirus crisis, so it is important to listen to government announcements. For reference, the IRS is providing updates on their [official IRS Coronavirus page](#).

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

**FOREN TAX**, Darrell built her career as a lead analyst modeling structured finance deals and portfolios at Moody's and in investment banking. As an MIT-trained economist, she began her career in research at MIT and Yale.

Digital Currency

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved