



## New Taxes in Washington?!

Washington residents have two new taxes to navigate in the near future. The first is a payroll tax on all wages (**including RSUs and bonuses**) that will be used to fund long-term care. The second is a capital gains tax on long-term capital gains in excess of \$250K. There are currently challenges to both of these laws, but as you read this, they will both go into effect on January 1<sup>st</sup> of 2022. What do you need to know now?

If you don't want to pay the long-term care payroll tax it is possible to obtain a lifetime exemption. You can do this by purchasing an eligible long-term care plan **before November 1<sup>st</sup>, 2021** and registering your plan with the state. To find out if this is the correct decision for you, ask your financial advisor what options they have available.

The capital gains tax has many exemptions including capital gains from the sale of real estate and family-owned small businesses. If you're likely to have more than \$250k of capital gains in the next year or two, call your CPA for more information. You may need to do some planning.

✉ Charlie Meyerson, CPA



## Meal Deductions

Restaurants get ready to fire up your grills! Starting in 2021 the deduction for meals and beverages purchased at restaurants has been temporarily increased to 100% (from 50%).

This increase does not apply to all meal deductions, only those served from a restaurant. The IRS has a specific definition for the word “restaurant”, which probably doesn’t include your local convenience store. If you stop by GasCo and grab a pack of HoHos, they’re not going to be 100% deductible. The IRS definition includes a sit-down spot like Kosta’s Mediterranean Cuisine or the Rusty Pelican. A restaurant where the customer orders food that is subsequently prepared for them to eat.

The 100% deduction can still apply if you have the food delivered by a company like DoorDash or Grubhub.

The IRS definition of a restaurant is a business that sells food or beverages to customers for immediate consumption, regardless of whether or not that product is consumed on site.

What’s more, the 50% deduction is still available but will need to be kept track of separately. That

HoHo may still be 50% deductible under current tax guidelines. So when you are thinking about meeting with client, take them to your favorite local restaurant to conduct your business. After all, that is what this recent tax measure is for, incentivizing you to put money back in the pockets of other small businesses!



 Nicholas Carney

## RMDs Are Back for 2021

RMDs are required minimum distributions you must take every year from your retirement savings accounts. Last year the RMD age increased from 70½ to 72 and RMDs were waived by the CARES Act for 2020. There is no longer an RMD waiver for 2021, so anyone age 72 or older as of December 31, 2021 must take their RMD by year-end to avoid the 50% penalty.



If you took advantage of the waiver last year and did not take RMDs, keep that in mind when you are calculating your withholding and estimated tax payments. They are typically based on last years’ income, but now that RMDs are required again your income in 2021 will likely be higher. Planning ahead now will help you avoid any surprises next April.

 Remington Rohrer, CPA

## Unemployment Income Exclusion

The American Rescue Plan of March 11<sup>th</sup> included an income exclusion for taxpayers with unemployment income. Taxpayers with adjusted gross income less than \$150,000 are eligible to exclude up to \$10,200 of unemployment income on their 2020 tax return.

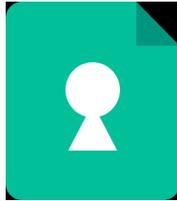
If you filed your tax return and did not exclude your unemployment income, not to worry! There is no need to file an amended return, the IRS will be making the correction on your behalf. The IRS will start issuing any necessary refunds starting at the end of May and on through the summer.

 Rachel Griscom, CPA

## Have You Used our Client Portal?

Protecting your tax data is imperative. That's why we have partnered with SmartVault to create a secure client portal. You can access your tax returns anytime through the portal. You can also upload your tax documents to the portal which is safer than sending sensitive tax information via email.

If you haven't accessed the portal before, please visit our website at [werner CPA.com](http://werner CPA.com) and click the link in the upper right hand corner that says "Client Portal." There you will find a link to access SmartVault and a short tutorial on how to use the portal. If you have any questions about the portal, or need assistance, please call our office. We are happy to help!



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