



MER Tax, Accounting, and Consulting

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2020 Year End Business Client Letter

With the new tax law changes, we must have **your information for your tax return(s) at least one month prior** to the due date for your return(s). **S-Corps and LLCs are due March 15, 2021** and **C-Corps are due April 15, 2021**. If you would like us to extend your business returns, you must notify us at least **fifteen** days prior to the due date.

IRS Regulations require you to keep records for repairs, maintenance, and supplies. Any individual equipment item or equipment repair/maintenance item costing \$2,500 or less can now be written off. Any item costing over \$2,500 must be evaluated to determine if it has been a betterment, restoration or adaptation of the main unit of property as these items must be depreciated.

Also, each year, you must notify us of any changes in business and rental property, equipment, and other depreciable assets. **If you have disposed of, sold, traded in, or converted any of the items listed on your depreciation schedule, you must provide us with the date of sale/disposal/trade in/conversion and sale/trade in price.**

INVENTORY

Please make sure to physically count your inventory (**defined as product you are holding for resale**), retain the records, and provide us with the accurate total **cost** of inventory on hand at December 31, 2020. Do not include consignments you are holding from other people in this number. In the event of an audit you must be able to provide copies of physical count sheets, so we are again this year placing an increased emphasis upon obtaining correct year end physical inventory amounts.

CARES ACT RELATED ITEMS:

In order for us to prepare your annual tax we will need the following information from you at the end of the year. Because of the CARES Act and related tax credits and benefits we need some special information this year as well.


1. ___ All 4 quarters Forms 941 for 2020.
2. ___ A copy of your PPP loan document (if received)
 - a. Please ask your banker for, and obtain the related SBA-assigned PPP loan number, which is different from the bank loan number
3. ___ All 12 months bank statements for 2020 and January of 2021.
4. ___ If you received an EIDL loan or grant we need to know the amount, the date and the EIDL loan number.

5. ___ We may need copies of any existing leases, loans, or utility services but please talk with us first.
6. As a result of Covid please provide the percentage of sales made via the internet _____ estimate if you don't have actual amounts.

NORMAL YEAR END INFORMATION NEEDED FOR 2020:

- 1.
2. In order for us to prepare your annual financial statements and tax returns we will need the following information from you at the end of the year:
3. ___ Has there been a change in ownership this year? If so, please provide new owner identification information, dates and percentages.
4. ___ Have you opened or closed any locations this year-please provide that information as to physical address.
5. ___ Please provide us with updated information with your and other officers email addresses and cell phone numbers.
6. ___ Copies of any **new** bank loans obtained during the year,
7. ___ Copies of any **new** leases signed during the year,
8. ___ List by date, amount, and individual of any new investments made into the Company this year,
9. ___ Copies of any federal or state tax correspondence received during the year,
10. ___ Copies of any equipment purchase invoices over \$2,500,
11. ___ Loan payoffs, by loan number, of all business loans at December 31,
12. ___ Copies of your year-end bank reconciliation(s) and bank statements,
13. ___ Year-end summary of business activity-back up, online access or hard copy (i.e. QuickBooks company file back-up).
14. ___ The enclosed engagement letter needs to be signed and returned,
15. ___ Sales breakdown by state, county, and city if applicable (call us to determine),
16. ___ Information on any changes in ownership, stock holding, locations or number of stores
17. ___ All Forms 1099-K received, and
18. ___ All Forms 1099-Misc received.
19. ___ All Forms 1099-NEC received.

Sincerely,



M. E. Richey, CPA