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TOP TAX TIPS – for Individuals

Here are some of the top most common tips but for these to be deductible you must keep backup copies to support your deduction stay organized by scanning in your receipts etc.

- invest in stocks or 401K in company put away as much as possible. We affiliate with Edward Jones for investing support to our clients.
- buy a home- home energy efficient improvements, we affiliate with Lucy's Happy Homes LLC for homebuying support to our clients.
- Give Back - boost charitable donations for deductions on your taxes.
- Save for children's college with a 529
- Bundle your deductible expenses- so you make real estate taxes on the same year so you can itemize every other year. Or double up on charitable donations
- start a side business – office in home deduction, pay your kids, take continuing education in places you want to vacation- make sure your in compliance with IRS
- go back to college for Education credits
- Have a baby
- don't forget to report all of your income- keep a folder to gather up all tax related documents to prevent from IRS sending you a notice for not reporting taxable income
- Make your estimated tax payments on time or you will be assessed a failure to pay penalty
- if you know your not going to file on time don't forget to file your extension
- Buy and sell your home every 2 years and earn nontaxable gains of up to \$500,000 with Section 121 exclusion.

TOP TAX TIPS – for Small Business

- Hire an accountant for your bookkeeping, Lucy's Tax Service, LLC offers affordable Monthly, Semi-monthly, Quarterly, and Yearly Bookkeeping services.**
- Deduct your Vehicles used for business**
- Buy Machinery and equipment on years you know you will make high income**
- Defer taxable income to next year**
- Pay your children you can pay them up to \$12,000**
- Make your estimated tax payments on time if not you will be assessed a failure to pay penalty
- if you know your not going to file on time don't forget to file your extension

TAX DEADLINES- Staying ahead of your tax deadlines can save you time, money, and certainly a lot of stress.

JANUARY 31, 2021- All w-2's and 1099's must have been issued and sent out.

FEBRUARY 28, 2021- 1099's should have been sent out to the IRS

MARCH 15, 2021 – Form 1065 Partnerships and 1120S-Corps returns are due but you can file for a 6-month extension (if extended due date 9/15/2021)



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April 15, 2021- FORM 1040- INDIVIDUAL RETURNS AND FORM 1120-CORPORATE RETURNS ARE DUE but if you know you will not be able to file on time you can file for a 6 month extension (if extended due date is 10/15/2021)

HOW TO PREVENT IRS FAILURE TO FILE PENALTY

- if you know you are not going to file on time don't forget to file your extension
- put DUE DATES on your calendar as a reminder

The **failure-to-file penalty** is usually five percent of the tax owed for each month, or part of a month that your return is late, up to a maximum of 25%. If your return is over 60 days late, there's also a minimum **penalty** for late **filing**; it's the lesser of \$210 (for tax returns required to be filed in **2020**) or 100 percent of the tax owed.

HOW TO PREVENT IRS FAILURE TO PAY PENALTY

THIS PENALTY IS 5%

- this penalty is assessed usually to self-employed individuals
- Make your estimated tax payments on time due dates are the following:
- you must pay in either 100% of the previous tax years tax and or 110% of the estimated tax due

1 ST QTR ESTIMATED TAX PAYMENT DUE DATE	APRIL 15, 2020
2 ND QTR ESTIMATED TAX PAYMENT DUE DATE	JUNE 15, 2020
3 RD QTR ESTIMATED TAX PAYMENT DUE DATE	SEPTEMBER 15, 2020
4 TH QTR ESTIMATED TAX PAYMENT DUE DATE	JANUARY 15, 2021

Failure to PAY ESTIMATED TAX can result in an estimated tax penalty. The penalty is calculated separately for each installment. The penalty rate for the first quarter of 2020 is **6%**.

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My website: www.lucystaxservice.net