



A Tax Resolution & Wealth Management Firm

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Recovery Rebate Credit

Part of the COVID-19 recovery process included Economic Impact Payments as part of the CARES Act and other legislation. The media (and maybe some in Congress) often refers to these as stimulus payments.

So far there have been two such distributions of money. The first was around April, 2020. The second was in January, 2021. The latter was based on a bill passed in December, 2020. Both bills established a tax credit for 2020 and provided for an advance on that credit. This means both of these distributions are reconciled on your 2020 tax return (even though one check arrived in 2021).

To complete your tax return we need to know the exact amount and date for each. Here are the alternatives for this:

Treasury Confirmation Letters

The best way to document this for your income tax return is the two letters that Treasury is to send out. The first was Letter 1444, sent shortly after the EIP last April, and the second Letter 1444B presumably being distributed now. Unfortunately, the first letter indicated that it was from The White House and did not tell you to save it for tax purposes. Nevertheless, this is the proper way to address this credit.

IRS.GOV Website

You can log into your account on the IRS website and obtain your information. If you do not already have an account, then you can establish one. Most people are successful at this, but it does seem to require a cell phone registered in your name and certain carriers' phones will not work. You should retrieve your information and print the results to provide to us. Married couples will each need to follow the process. The URL to go to is [IRS.gov/account](https://www.irs.gov/account) and proceed as appropriate.

Recreate you Information

You may refer to banking records to obtain both the amount and the date of the payments to you. If we use this information to complete your income tax return, then we must disclose to the IRS that the information was recreated from other records.

IRS Transcripts

If we have a Form 8821 Tax Information Authorization (or Form 2848 Power of Attorney) on file for you covering 2020 then we can pull your IRS transcript and obtain the information there. If that form is not yet on file with the IRS the process takes 8 weeks or more, which will result in delaying the completion of your income tax return.

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