

## Federal and State Tax Notices

Many taxpayers are receiving tax notices this year. This is partially due to the ongoing legislative changes that occur after many have filed their tax returns. Furthermore, the IRS is still trying to catch up. They claim that they are on the verge of being “up to date” but we understand many of their notices are for previous years.

## Minnesota

Minnesota is addressing an error in the calculation they distributed to all tax software companies for the standard deduction/itemized deduction. The calculation was incorrect for 2019 and 2020.

*Per the Minnesota Department of Revenue:*

If your clients claimed the standard deduction and their federal adjusted gross income exceeds these thresholds, they may get an adjustment letter from us.

Filing Status	Tax Year 2019	Tax Year 2020
Single	\$276,000	\$280,534
Married Filing Jointly	\$357,334	\$363,200
Qualifying Widow(er)		
Married Filing Separately	\$178,675	\$181,609
Head of Household	\$317,000	\$322,200

The state of Minnesota is sending out notices to all people who this affected. Of course, it turns out most of the people impacted are having to pay in.

## Federal and Minnesota

Both federal and Minnesota are supposed to be sending out corrections in regards to the reduction of taxable unemployment tax for the 2020 tax year.

After the 2021 tax season started, the IRS and Minnesota passed legislation allowing up to \$11,200 of unemployment compensation to be tax free. If you filed before this change, your return should be adjusted. Both federal and state indicated they will adjust the returns and Certified Public Accountants are not to amend. If you receive a notice in regards to this, you can send it to us so that we can be assured they have made the proper correction.

And as always, legislation continues to change and clarification of the changes is not always clear. If you have questions regarding legislation or a notice, do not hesitate to contact us.