



# NEWS...

From the Desk of California  
State Treasurer Fiona Ma



FEBRUARY 2021

Dear Friends,

As a CPA, I know how confusing and daunting taxes can be so I have prepared a handful of simple and useful tips designed to help you become informed and prepared for this tax season.

For example, you will find a COVID-19 tax relief resource list that shines a light on recent pandemic-related changes. I also provide important information and links for those of you who are eligible to declare disaster losses stemming from wildfires, earthquakes or atmospheric river storms.

For working families, the most readily available means to increase your tax refund, or decrease the amount of taxes you owe, may be by claiming two state cash-back credits, the California Earned Income Tax Credit (CalEITC) and the Young Child Tax Credit (YCTC), in addition to the federal Earned Income Tax Credit (EITC). Also, starting in 2021, people who file their taxes using an Individual Taxpayer Identification Number (ITIN) may be eligible for the CalEITC and YCTC, allowing them to boost their refund. The size of the credits depends on your income, family size and household status. I especially urge you to look into these credits because you could end up putting hundreds, or even thousands, of dollars back in your pocket.

You will find free tax preparation help at IRS certified Volunteer Income Tax Assistance (VITA) sites, which can be located using the CalEITC4Me website link on page 5.

In Peace & Friendship,

California State Treasurer Fiona Ma, CPA

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*This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue of bonds or notes.*

[HTTPS://WWW.TREASURER.CA.GOV](https://www.treasurer.ca.gov)



# Ask Fiona

If you have a question, please email me at [askfiona@treasurer.ca.gov](mailto:askfiona@treasurer.ca.gov)

Dear Fiona,

I am a small business owner in California and I started facilitating the CalSavers program for my employees in September. I've received a lot of questions from my employees. One question in particular that I'm curious about is: Why are employees automatically enrolled in the program unless they choose to opt out?

Sincerely,

Tammy

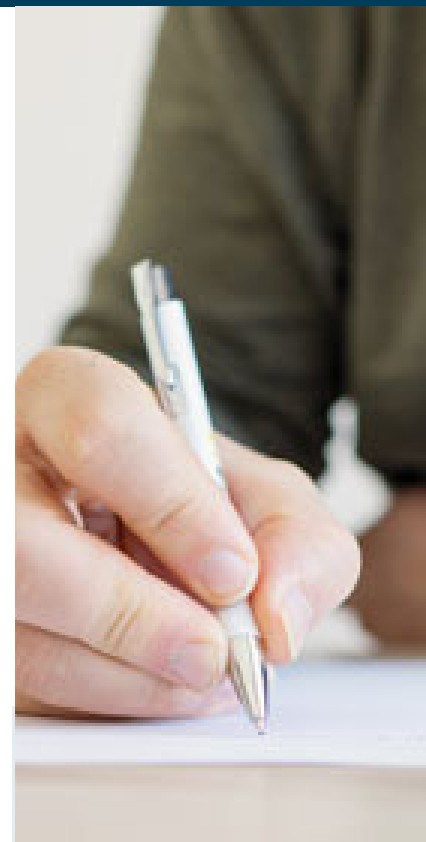
Dear Tammy,

"Automatic enrollment" is a method designed to make it easy to enroll in a retirement plan. With automatic enrollment, employees who do not choose to opt out are enrolled automatically. This feature has become commonplace over the past couple decades, with an estimated 70 percent of retirement plans using the feature in 2019.

The legislation that created [CalSavers](#) specified that it use automatic enrollment to make participation easy and to get more workers in California saving and on a path to retirement security. Your employees can easily opt out of the program or customize their settings at any time [online](#) or by phone. If your employees have questions or need assistance, please refer them to [CalSavers' Client Services](#) at (855) 650-6918 or [clientservices@calsavers.com](mailto:clientservices@calsavers.com) and a representative will be happy to help them with the next steps, whether it's customizing their account, opting out, or withdrawing any funds they contributed.

Sincerely,

Fiona



## Have a Question for the Treasurer?

### Send emails to:

[AskFiona@treasurer.ca.gov](mailto:AskFiona@treasurer.ca.gov),  
with the subject line: Ask  
Fiona.

### Address letters to:

California State Treasurer  
Fiona Ma  
Post Office Box 942809  
Sacramento, CA 94209-0001



# Tax Time Tips

Stimulus payments, EITC, charitable donations, and more!

## INFORMATION TO HELP YOU NAVIGATE TAX YEAR 2020

The COVID-19 pandemic brought with it myriad tax law changes. Below is a summary of some that may affect you when you file your taxes this year. You will find additional helpful information online by visiting the [Treasurer's Tax Relief Resource List](#).

### Economic Impact Payments

Economic Impact Payments, also known as Stimulus Payments, are not taxable and do not reduce a taxpayer's refund. Most people received Economic Impact Payments automatically. If you received the maximum amount you do not need to include any information about the payments when you file. However, if you did not receive a payment, or only received a partial payment, you may be eligible to claim the [Recovery Rebate Credit](#) when you file your 2020 tax return. Tax preparation software, including IRS Free File, can help you calculate the correct amount.

### Charitable Donations

The CARES Act allows individuals who do not itemize their deductions to claim an "above-the-line" deduction of up to \$300 for cash contributions made in 2020 to qualifying charitable organizations. (Cash contributions carried forward from prior years do not qualify.) For individuals who itemize, the CARES Act provides a temporary suspension of limits on charitable contributions. Individuals may deduct qualified cash contributions made in 2020 of up to 100 percent of their adjusted gross income.

For more information, please visit the IRS Tax Tip: [How the Cares Act Changes Deducting Charitable Contributions](#).

### Disaster Loss Deduction

You may deduct any president or governor declared loss caused by a disaster you suffered in California on your state income tax return. For more information on how to claim the deduction and a complete list of all disasters declared by the governor, please visit the Franchise Tax Board's Disaster Loss Deduction [webpage](#).

Victims of California wildfires may also qualify for [disaster relief](#) from the IRS.

### Unemployment Compensation

Unemployment compensation is taxable for federal purposes, but is exempt from California state income tax. If you received unemployment benefits, you should receive a Form 1099-G from the Employment Development Department (EDD) showing the taxable income that must be reported to the IRS. Form 1099-G tax information is also available for up to five years through the EDD's [UI Online](#).

Total taxable unemployment compensation includes:

- Unemployment Insurance (UI) benefits, including Federal Extensions (FED-ED), Pandemic Additional Compensation (PAC), Pandemic Emergency Unemployment Compensation (PEUC), and Lost Wages Assistance (LWA)
- Pandemic Unemployment Assistance (PUA) benefits
- Disability Insurance (DI) benefits received as a substitute for UI benefits
- Disaster Unemployment Assistance (DUA) benefits
- Paid Family Leave (PFL) benefits

(Cont'd on next page...)

# Tax Tips

## Paycheck Protection Program (PPP)

Forgiven PPP loans are tax-exempt and are not included in taxable income for federal tax purposes. [IRS guidance](#) states that "...no deduction is denied, no tax attribute is reduced, and no basis increase is denied by reason of the exclusion from gross income [of the forgiveness of an eligible recipient's covered loan]."

## Employee Retention Credit

The Employee Retention Credit under the CARES Act encourages businesses to keep employees on their payroll. The new COVID-19 economic recovery law, the Consolidated Appropriations Act (CAA) of 2021, significantly expands the credit beginning on January 1, 2021. The new law extends the credit to June 30, 2021, provides a more generous tax credit, and allows employers to now receive both the credit and a PPP loan, just as long as they don't cover the same payroll expenses.

The IRS is currently updating its [Employee Retention Credit FAQs](#) to reflect the most recent changes; however, the National Federation of Independent Business (NFIB) created a helpful [Fact Sheet](#) outlining the various rules and how they apply to 2020 and 2021.

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## CALIFORNIA EARNED INCOME TAX CREDIT (CALEITC) AND YOUNG CHILD TAX CREDIT (YCTC)

If you are at least 18 years old, or have a qualifying child, earn less than \$30,000 a year and have a Social Security number, you may qualify for the CalEITC, the state's YCTC and the federal EITC. Combined, these credits can put hundreds, or even thousands, of dollars back in your pocket.

Starting in 2021, people who use an Individual Taxpayer Identification Number (ITIN) to file their taxes may also be eligible for the CalEITC and the YCTC.

Use the [CalEITC4Me](#) calculator to see if you qualify and estimate the amount of your credit.

To get a head start on saving for the future, you may wish to consider contributing your tax refund to one of the three savings programs administered by the State Treasurer's Office: [ScholarShare529](#) (savings for college), [CalABLE](#) (savings for individuals with disabilities), and [CalSavers](#) (savings for retirement). ScholarShare529 has even coordinated with the California Franchise Tax Board (FTB) to make it easy to deposit your tax refund directly from the FTB into your college savings account.

**This material has been prepared for general informational purposes only and may not reflect the most current legal developments. This material is not intended to provide, and should not be relied on, for tax or legal advice and is subject to change without notice. Please consult a tax professional for advice regarding your individual situation.**



# Tax Tips / Upcoming BCA Events

## TAX TIP – VOLUNTARY CONTRIBUTIONS

Did you know that you can make a charitable donation when you file your state income taxes? By opting to donate on your state income tax return, you can provide vital financing to critical programs that serve the essential needs of Californians. There are a number of [voluntary contribution funds](#) to choose from, including the Rape Kit Backlog Fund, Firefighter's Memorial Fund, and Senior Citizen Advocacy Fund.

Making a donation is easy! When preparing your California income tax return, go to the "Contributions" section, chose the fund(s) you wish to support, and enter your donation amount. The amount you contribute either reduces the amount of your refund or increases your tax due. Plus, your donation is tax deductible when you do your taxes next year!

For more information, please click [here](#).



## TAX FILING ASSISTANCE

Do you need assistance filing your tax return? Due to the COVID-19 pandemic, in-person assistance will be limited this year, but you can still get virtual filing assistance. Visit [CalEITC4Me.org](#) for more information on in-person and online assistance.

## Calendar of Upcoming BCA Events

Boards, Commissions and Authorities (BCAs) Within the State Treasurer's Office

### February

#### 25 California Health Facilities Financing Authority

***Teleconference information, other scheduled BCA meetings, agendas, deadlines for grants, and more, may be accessed as the information is posted or updated on the Treasurer's website:***  
***<https://www.treasurer.ca.gov/>***

***Additional BCA meetings in February: [CTCAC](#) (Feb 17) | [PMIB](#) (Feb. 17) | [CEFA](#) (Feb. 25) | [CHFFA](#) (Feb. 25) | [CSFA](#) (Feb. 25) | Meeting date and times may change; please check the BCA links included here for such notices, as well as for teleconference details.***

*Note: The State Treasurer's Office provides essential services for the citizens of California. As we work to further protect the health of our community in response to COVID-19, the BCAs are modifying standard committee meeting procedures. Participants, interested parties, and non-essential staff are requested to join the meeting via teleconference. Further, social distancing measures will be put in place at the meeting location, which will substantially limit the space available for in-person attendees. Public participation and comment periods will not be impacted.*



# The Vault

## Week of February 22

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### **The Regents of the University of California General Revenue Bonds 2021 Series BH, BI, BJ (Taxable), BK (Taxable), BL (Taxable) (Size TBD)**

Proceeds of the sale for the series BH, BI, BJ, BK bonds will be used to finance and refinance all or a portion of certain projects of the University, including the refunding of previously issued bonds. Proceeds of the sale of the series BL bonds will be used to finance certain working capital purposes.

## Week of February 22

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### **The Regents of the University of California Limited Project Revenue Bonds 2021 Series Q and R (Taxable) and 2022 Series S (Forward Delivery) (Size TBD)**

Proceeds of the sale of the bonds will be used to finance or refinance projects at the University, including the refunding of previously issued bonds.

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***More information about the upcoming fall bond sales can be found at [BuyCaliforniaBonds.com](https://www.buycaliforniabonds.com).***

*The bond issuances described above (including the amounts and timing thereof) are preliminary and subject to change or cancellation based on market conditions or other factors as determined by the State Treasurer.*





# In the Community



Treasurer Ma co-hosting with Napa County Farm Bureau CEO Ryan Klobas, a Napa Valley Recovery Funding Workshop focused on useful resources. Representatives of California OSBA, IBank, Small Business Majority, and United Policyholders also participated. State and Federal funding programs were both highlighted. View a video of the webinar at [www.youtube.com/watch?v=cK5diIBUDqU](https://www.youtube.com/watch?v=cK5diIBUDqU). And if you want to learn more about the programs, email [askfiona@treasurer.ca.gov](mailto:askfiona@treasurer.ca.gov).

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Treasurer Ma partnered with Golden State Opportunity to promote CalEITC Awareness Day to help hard working, low-income Californians get more money back from their taxes. For the first time, immigrants who file taxes with an ITIN (individual tax identification number) can claim CalEITC on their state taxes. Be sure to visit [www.caleitc4me.org](http://www.caleitc4me.org) to learn more.