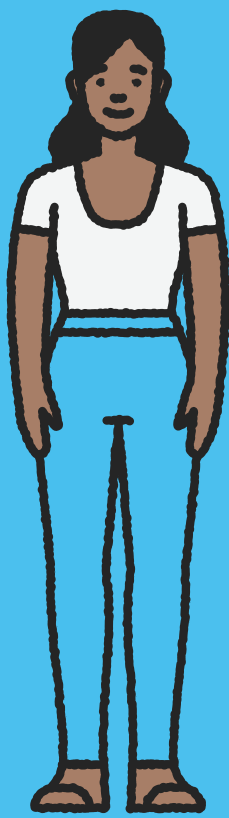


Taxing year = New tax outcome

Wondering how a loss of income due to COVID could affect your taxes? Meet Jules, Moira, and Dash. Although you don't know them personally, their stories may sound familiar.

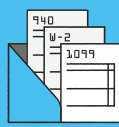
Meet Jules.

She worked as a self-employed hair stylist in 2020. With fewer appointments, her income was nearly cut in half, yet she managed to make quarterly payments. She filed as head of household and claimed two dependents.



ADJUSTED GROSS INCOME (AGI)

Jules' AGI in 2020 was \$37,174. In a normal year, her income would've been \$65,054.



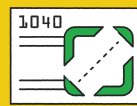
TAXABLE INCOME

This made Jules' 2020 taxable income \$14,819. In a normal year, her taxable income would've been \$37,123.



CREDITS

Jules' reduced income qualified her for the Additional Child Tax Credit (ACTC) and the Earned Income Credit (EIC). In previous years, Jules' income was too high to qualify for these.



BIG REFUND

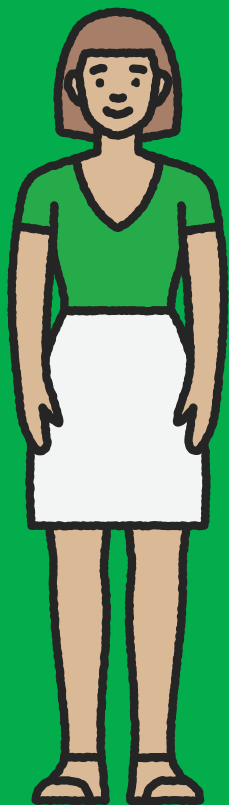
Due to the refundable credits and a reduction in taxable income, Jules received a \$1,513 refund this year. Last year she owed \$64.

Learn from Jules:

Be sure you claim all the credits you qualify for on your return.

Meet Moira.

She started 2020 working hourly. Her hours were reduced by half, and then she received unemployment income for part of the year. She filed as head of household and claimed two dependents.



ADJUSTED GROSS INCOME (AGI)

Moira's AGI in 2020 was \$19,810 which was more than \$10,000 less than in previous years.



TAXABLE INCOME

Moira's taxable income after deductions was \$1,160. Last year it was \$11,350.



CREDITS

Although she qualified for the Earned Income Credit (EIC), her Additional Child Tax Credit (ACTC) was reduced because of her drop in earned income.



SURPRISE REFUND

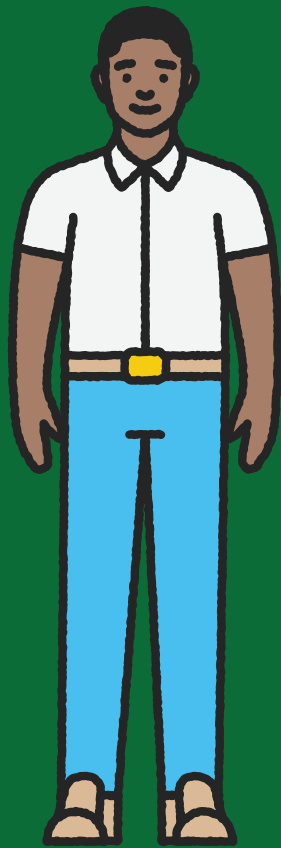
Because Moira's credits were reduced due to changes in income, her refund was \$8,023 this year, which is \$2,148 more than last year.

Learn from Moira:

Check with your employer and update your W-4 if your situation changes.

Meet Dash.

He lost his full-time job in early 2020. He then received unemployment, plus earned extra income driving for a ride share company.



ADJUSTED GROSS INCOME (AGI)

With his income from his full-time job, money from his side gig, and unemployment income, Dash's AGI in 2020 was \$25,164 after deductions. In a normal year, Dash's income would have been \$27,000.



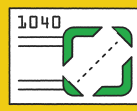
DEDUCTIONS

He was eligible for the 20% Qualified Business Income Deduction (QBID) because he switched to being self employed.



TAXABLE INCOME

This made Dash's taxable income \$11,091. In a normal year, his taxable income would've been \$14,600.



OWES BIG TIME

Dash owes \$1,404 because his taxes weren't withheld from his unemployment, and he failed to make estimated payments on his gig work.

Learn from Dash:

Withhold taxes on unemployment income and be sure to make quarterly estimated tax payments when you start a side hustle.

When it's time to file your taxes, H&R Block experts can help get you every credit and deduction you deserve. Find a tax pro at hrblock.com