

New Client Form 8821



The Consolidated Appropriations Act, 2021, allows qualified taxpayers to elect to ‘lookback’ and use their 2019 earned income (not to be confused with AGI) instead of their 2020 earned income, to take advantage of the highest Earned Income Credit (EIC) and/or Additional Child Tax Credit (ACTC) for which they are eligible. To qualify for the lookback, the taxpayer’s earned income for 2020 must be less than for 2019.

For many clients, this look back yields a significant increase in EIC and/or ACTC – **a BIG win for our clients!** For prior year clients, we can easily tell if clients will benefit from this look back. But for new clients, they must provide the exact amount of earned income from last year’s tax return. This process can be daunting for clients not able to access their prior year returns, potentially missing out on a higher refund. **This is where we can make a difference for our new clients!** As an added value for new clients, request their transcript via Form 8821.

Step 1: ASK your NEW clients

“It’s a privilege to help you with your tax return this year! I know you had it prepared by someone else last year; do you have a copy of last year’s return? If not, can you easily get it?” If your client doesn’t have last year’s return and can’t get access to it, explain the lookback process and how we can help. Say something like:

“You may have heard about a new tax law that allows us to use last year’s tax return information to calculate certain credits, like the Earned Income Tax Credit or the Additional Child Tax Credit. It’s called a look back. Since you are new to us this year, we’d like to review your return from last; first, to ensure it was properly prepared. And, with this new look back provision, we’ll review this year’s return to see if we can use last year’s data to calculate a bigger credit and a bigger refund! To do this, we need to know the exact amount of earned income you had last year. Since you don’t have access to last year’s return, we’ll file this form and request a transcript from the IRS. Once I get the transcript, I can review your return and if it would benefit you, we will file an amended return for you. It will take some time to get the document from the IRS, but I think it’s worth a try.

File an 8821 for every new client; this could make a huge difference in your client’s refund amount

Step 2: Complete the Form 8821.

- Use the Form 8821 and type into the Form your client’s information: Name, address and Taxpayer Identification, which will be their SSN. Avoid handwriting; these fields are editable. Print the form and ask the client to sign AND date the document; then scan the document into the return, using ESS.
- Email Transcripts@jtax.com with the following information:
 - Office: 00000 (where 00000 represents your 5-digit office number)
 - Receipt: XXX11111 (where XXX represents 3-Letter PCenter code and 11111 represents your client’s receipt number)
 - Client’s Name
- Make a follow-up appointment for your client, approximately 6 weeks from the time of submitting the form, to serve as a follow-up on any status of the transcript. In addition, you may wish to keep a list of clients, so you have a clear account of those awaiting IRS transcripts.