



# Tax Time:

## Tips & Tricks

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## Tax Time: Tips and Tricks



This is the time of year when our thoughts turn to that magical date ingrained in our consciousness from the days we started working for a living – April 15<sup>th</sup>. As a CPA, this time of year is **NOT** so affectionately known as “**TAX SEASON**”. For me, tax season means long hours, eating meals on the run, and not seeing my family for 3 ½ months. To help make life easier for your “tax lady” or “tax man”, here are some hints to streamline the tax preparation process. It goes without saying that since most CPA firms bill by the hour, following these tips may also save you some \$\$\$ in the process.

- Begin assembling your third party documentation in one place. This includes your W-2’s, 1099’s, 1098’s, K-1’s and Social Security Statements. When you receive them, take a few minutes to review each one to ensure that the numbers make sense.
- If you have purchased or sold real estate during the year, your CPA will need the closing document from the transaction (that long HUD-1 form).
- If you sold an asset and there is no cost basis showing on the 1099B from your brokerage firm, work with your investment advisor to determine the tax basis of the property sold. It is not the job of your CPA to divine these numbers – they are not clairvoyant.
- If your CPA has sent you an organizer to fill out, do not send it back blank! A completely filled out organizer will help your CPA efficiently prepare your return. It will also jog your memory and give you an idea of what can and cannot be deducted. To use the simplified organizer that I have designed for my practice, visit <http://teresabear.com/pdf/LovinLife/2014/2013Organizer.pdf>
- If you earned income from a small business, provide a summary of income and expenses.
- If you own rental property, provide a summary of income and expenses.
- If you have donated “stuff” to charity, keep in mind that the maximum that can be deducted without filing form 8283 is \$500. The IRS implemented this additional reporting requirement because taxpayers had a tendency to place a slightly higher value on their well loved sofa that they donated to Goodwill than the shopper who purchased said sofa.
- Reserve your financial confessions for your minister. You are legally required to report all income – even if it was “under the table” and you didn’t receive a 1099. Don’t tell your CPA about income that you do not intend to report to the government.
- While your CPA is not your priest, they are also not a tax collector for the IRS. If you report \$487.23 of prescription expense on your organizer, your accountant does not need to see your receipts. We trust you. If additional documentation is needed for a specific item, we will ask for it.



- Keep your summary sheet at home! In addition to the information listed above, many taxpayers also give their accountants a handwritten summary sheet of income and deductions. The problem for the CPA is that they need to verify that sheet against the other information in the package. This adds time and cost to preparing your return.

Naturally, each tax professional runs their business slightly differently. If they have different procedures, you should follow their direction.

Finally, keep in mind that because of the government shut down and the complexity of implementing the tax provisions of the Affordable Health Care Act (AKA Obamacare), the IRS is behind schedule in preparing for tax season. Tax preparers are likewise affected. Be kind and patient with us. We are mere mortals working under tight deadlines to do our best to help our clients.



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Teresa has been helping families and retirees reach their financial, tax, retirement planning, and estate planning goals for over 25 years. She is legally bound to uphold the highest level of fiduciary standards when providing investment advice to her clients.

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