

## 2011 Tax Checklist

**If you are mailing your information, make copies for your records of all sides of critical data. Please send us the originals** (originals will be returned to you). **Please remove items from their original envelopes and do not staple items together.** If you are unable to make copies, keep a list of forms sent in case of loss in the mail.

**This checklist is designed to assist in organizing tax information for the year. Though it cannot cover all possible tax scenarios, the list below is usually sufficient. Please send us:**

- 1) current phone numbers and e-mail address if they have changed**
- 2) any changes in address, filing status, dependents, other tax situations, etc.**
- 3) W-2's** (including W-2G, gambling winnings)
- 4) 1099's** of all types, including but not limited to:
  - 1099-G state tax refund forms
  - 1099-G unemployment income forms
  - 1099-INT interest, including interest paid by IRS
  - 1099-OID original issue discount
  - 1099-DIV dividends
  - 1099-B sales or exchanges of stocks, bonds, mutual funds, etc.
  - 1099-S real estate sales
  - 1099-R pension income, distributions or rollovers from retirement accounts, IRAs, annuities
  - SSA-1099 social security statements
  - 1099-MISC contract work, self-employment, prizes won, etc.
  - 1099-C, cancellation or forgiveness of debt by creditors
  - 1099-A, Acquisition or Abandonment of Secured Property

Mutual funds companies and brokerages often send corrected copies of their tax documents. If we complete your return and you subsequently receive a corrected 1099, this entails additional research on our part to determine how your tax return may be impacted by the change. Some brokerages have been known to send several corrected tax forms between February and April (or even later). If an amended return is needed, the fee will be based on the complexity of the amended return.

- 5) December bank statements if you did not receive a 1099.** Some banks do not send a 1099 for small amounts of interest. However, the interest amounts ARE reported by your bank to IRS and ARE taxable. Some credit unions include your 1099 with, or on the back of your December statement.

- 6) **Tax statements and year-end statements from brokerage firms.** Include **supplemental flyers** sent by brokerage firms with your tax information as this may indicate potential tax saving benefits.
- 7) **Cost basis information** regarding the sale of capital assets, including purchase dates. You must always keep complete records on assets. If your brokerage firm does not provide it, you may have to do extensive research of prior statements to determine cost basis and purchase dates. If you have more than a few stock or mutual fund sales on form 1099-B, please ask your broker to provide an excel spreadsheet with cost basis information. They can usually attach it to an email if it is not provided initially. Let us know if you sell your home. Most sales of a principal residence do not incur any tax liability (this is not applicable to vacation homes).
- 8) **K-1's** (income from estates, trusts, corporations, partnerships, etc.) and all supplemental data.
- 9) **Settlement statements** for any purchase, sale, or refinance of a home or other real estate.
- 10) **Other income**, including but not limited to:
- tax exempt interest, which must be reported even though it is not taxed on the federal return, including municipal bond interest (non-GA bonds are taxed by GA)
  - W-2G gambling winnings
  - prizes won
  - alimony
  - self-employment income and expenses (see #12)
  - rental income and expenses including mileage log (see #13)
  - insurance benefits from credit card disability plans
  - jury duty pay
  - reimbursements or refunds of items deducted in previous years
- 11) **For itemized deductions** (Sch. A), please provide:
- **mortgage interest** (1098s from all lenders)
  - **real estate taxes *paid during the tax year***
  - **ad valorem taxes *paid during the tax year*** (NOT the total price of your vehicle tags---the ad valorem tax will be listed separately from the other costs on your tag receipt---provide us with tag receipts if possible)
  - **investment interest**
  - **out-of-pocket medical expenses**, itemized as follows (deductible only to the extent that they exceed 7.5% of adjusted gross income--**please do not send us your medical receipts**):
    - post-tax health insurance premiums (**do not include pre-tax premiums**)

- mileage for medical care (keep a log in your files)
- parking and tolls for obtaining medical care (keep receipts and logs)
- doctors, dentists, eye doctors, chiropractors, etc.
- long term care insurance, separately itemize total premiums paid for each taxpayer
- co-pays and other out of pocket expenses not reimbursed by insurance
- unreimbursed prescription medicines

Please note that most over the counter medications and most cosmetic surgeries are NOT deductible.

- **charity donations** including church donations, separated by:
  - monetary contributions (they must be IRS-approved U.S. organizations ) **NO MISCELLANEOUS CASH CONTRIBUTIONS** will be deductible on Sch. A unless you have documentation (cancelled checks, receipts, credit card statements). The documentation is for audit purposes, and should not be provided to us. Simply provide us with a list of contributions.
  - those that are non-cash (Goodwill, etc.), itemized by donee organization, date, and amount. Goods donated must be in *good condition* and you must save your receipts. If your total non-cash donations exceed \$500, IRS requires extensive information itemized on an additional form. SalvationArmy.org may be helpful for value estimates. Vehicle donations require a statement from the donee organization.
- **miscellaneous deductions** provide tax benefit only to the extent that they exceed 2% of adjusted gross income. Call us if you need more information. These include:
  - employee business expenses
  - income tax preparation fees
  - safe deposit box fees
  - certain investment expenses
  - casualty and theft losses (limits apply)

## 12) Self-employed business income (Sch. C or C-EZ):

- detailed listing of all income and expenses
- purchases for these businesses, with the item descriptions, prices, and the dates of purchase
- mileage related to the business (keep a detailed log in your files, ***essential if audited***) We will require a detailed mileage form that you must fill out for our files (this form is NOT a log, it is a summary of your mileage log). If you have business mileage, please print this form from our website (see Mileage Spreadsheet) and send it to us with your other information. If you

are unsure of what a mileage log should include, please contact us for more information. Your business mileage may be carefully scrutinized by IRS and may be a red flag for audits.

- sales or dispositions of business equipment
- you are required to send a 1099 to anyone to whom you pay \$600 or more unless paid to a corporation

You may not claim both the standard mileage allowance and actual expenses on a business vehicle. If you elect to claim actual expenses, the election must begin when you first use the vehicle for business and applies to the percentage of business use only. To deduct a home office, IRS requires that it be used “**regularly and exclusively**” for business. Call us if you need more information regarding home office reporting requirements. Selling a home for which you have taken a home office deduction may incur additional income tax liability.

**13) Rental income:** most items for Sch. C above apply to Sch. E, including mileage.

**14) Estimated taxes** paid to IRS and/or to the state:

- list amount and *postmark date* of each payment
- underpayment penalties may be assessed if estimated payments are not made on time or if insufficient
- if you need estimated forms for IRS or for the state, you must request them from us. IRS has stopped sending these forms automatically for most taxpayers. To avoid our fees for this service, you may also download these forms from [irs.gov](http://irs.gov) and from the state department of revenue website. You may pay estimated amounts or any income tax amounts online. For IRS, search for EFTPS on the [irs.gov](http://irs.gov) site. This requires registration, which may take a week or more to complete. For online payments to Georgia, visit <https://gaefile.dor.ga.gov/AUT/welcome.aspx> (click on “I am an Individual User.”)

**15) Education:**

- 1098-T (tuition)
- textbooks
- other required expenses
- continuing education related to income
- student loan interest
- educator expenses

**16) Child care** expenses for children up to age 12, itemized by child and by provider, with addresses and tax I.D. numbers of all providers (in some cases, these expenses provide no tax benefit)

**17) IRA contributions designated for the tax year, including those that will be made by April 15 identified to your IRA holder as **prior year** contributions.**

Itemize traditional and/or Roth contributions for each taxpayer. Be sure to tell us if you rolled over any IRA amounts.

- 18) Other tax related items**, including health savings accounts, adoption credit, payments to household employees, electric/hybrid new vehicle credit, armed forces reservists expenses (special rules apply), etc.
- 19) Moving expenses** are sometimes deductible but not in most cases of local moves.
- 20) Energy credits:** If you purchased certain energy efficient items for your principal residence, you may be eligible to receive a credit on your taxes. Manufacturers must certify that their products meet new standards and they must provide a written statement to the taxpayer.
- 21) Did you purchase a new vehicle, boat, etc., during the tax year?** If so, what was the purchase date, the price before tax, and the amount of sales tax paid? (please include a copy of your documentation)
- 22) If you qualify for the Georgia [Student Scholarship Tax Credit Program](#),** please send all pertinent documentation.
- 23) Did you give gifts valued at \$13,000 or more to anyone?**
- 24) Do you have any foreign accounts?**

**For taxpayers receiving a federal refund by direct deposit**, you will have the option of splitting the refund into as many as 3 accounts. A separate form is required, and an additional fee of \$5 will be charged if you wish the refund split. As in the past, no additional fee is charged for direct deposit to one account. You must inform us if you want the refund split. You may also request a U.S. Series I Savings Bond purchase as part of your refund, in multiples of \$50.

**Many tax benefits phase out at higher income levels**, including education benefits. In addition, more taxpayers are subject to the alternative minimum tax (AMT) each year, even with the patch approved by Congress. Taxpayers incurring the most significant AMT are typically those with large employee business expenses or other large itemized deductions, large capital gains, large personal exemptions, etc.

**IRS Notices and Scam alert:** If you receive any notices from the IRS or from the state department of revenue, please consult us prior to taking any other action, and please fax all pages of notices to us. IRS does not send unsolicited e-mails about a person's tax account or ask for detailed personal and financial information. If you receive an e-mail from someone claiming to be the IRS or directing you to an IRS site, do not reply, do not open any attachments, and do not click on any links, no matter how official it may appear. These are invariably scams.

**You are responsible:** If you engage our services, we will prepare your federal and state income tax returns from information that you furnish us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. When you submit your tax information to us you acknowledge and agree to the terms and conditions herewith.

#### What's new for 2011 Filing Season

- Schedule D changes and new Form 8949 to report capital gains and losses.

- Self-employed health insurance deduction no longer allowed on Schedule SE.

- Repayment of the first time homebuyer credit directly on Form 1040

- Business standard mileage rate increased twice in 2011

- Medical care and moving rate increased twice in 2011

- Roth IRAs converted or rolled over in 2010 and not reported on 2010

- Additional tax on unqualified distributions from health savings accounts and

- Archer medical savings accounts increased to 20%

- New Form 8938 may need to be filed if you have foreign financial assets.

- Schedule L no longer needed to figure your standard deduction

- Schedule M no longer in use because the making work pay credit has expired

- Alternative motor vehicle credit has expired unless the vehicle is a new fuel cell motor vehicle.

- Due date for individual returns pushed two days to April 17 because of Emancipation Day in DC.

Expired Tax Provisions (What we have in 2011, but won't have in 2012 unless Congress acts to make a change)

- Payroll tax reduction (Two month extension)

- Expenses of elementary school teachers

- State and local sales tax deduction

- Qualified tuition deduction

- IRA distributions for charitable purposes

- Credit for non-business energy property

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