

2009 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.

FYI: Millions of taxpayers may owe the government \$250 *or more* because of methods used by the IRS to set up a tax break via reduced withholding and lump sum payments. Individuals with more than one job, married couples in which both spouses work, higher income taxpayers, employees who are claimed as a dependent by another taxpayer, and possibly others, may have to repay the government \$250-\$400, either through a smaller tax refund or a larger tax bill. Social Security recipients who also earn taxable wages may have to repay \$250.

This checklist is designed to assist in organizing tax information for the year 2009. 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

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 should 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. A homebuyer's credit may be available if you purchased a home.
- 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 #10)
 - rental income and expenses (see #11)
 - 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** (1098's from all lenders)
 - **real estate taxes paid in 2009**

- **ad valorem taxes paid in 2009** (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***) For 2009, 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 2009 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 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 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 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
- 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 tax year 2009, including those that will be made by April 15, 2010 identified to your IRA holder as 2009 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) Real estate tax deduction for non-itemizers:** Property tax deduction for taxpayers who do not have enough deductions to itemize on Sch. A. This will add to your standard deduction, not to exceed \$500 (single) or \$1000 (joint). So even if you typically do not itemize, tell us the amount of property tax that you paid on ALL property owned.
- 22) First time homebuyer credit:** if you qualify, send us the settlement statement, and a statement signed by all filers, that you qualify for this credit.
- 23) Did you (or your spouse, if filing jointly) receive an economic recovery payment in 2009?** If so, what was the total of your payments? You may have received this payment if you received social security benefits, supplemental security income, railroad retirement benefits, or veterans disability compensation or pension benefits.
- 24) Did you (or your spouse, if filing jointly) receive a pension or annuity in 2009** for services performed as an employee of the U.S. Government or any U.S. state or local government from work **not** covered by social security?
- 25) Did you purchase a new vehicle in 2009?** 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)

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.

Many tax benefits phase out at higher income levels, including itemized deductions and personal exemptions. 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.

Roth conversions: In 2010 taxpayers, regardless of income, may have the option of converting a traditional IRA to a Roth IRA and paying the tax over a two-year period. Please consult your financial advisor to see if this option would benefit you.

Future changes: Looking ahead, many current tax provisions will sunset on 12/31/2010. You can expect changes that may include higher tax rates for higher incomes, and higher capital gains rates.

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.

Lois M. Gratton

Tax Office Solutions

138 West Putnam Ferry Road

Woodstock, GA 30189-1512

Phone: (678) 494-7943

Fax: (866) 428-6296

www.TaxOfficeSolutions.com

LoisGratton@TaxOfficeSolutions.com