



**JPT FINANCIAL SOLUTIONS, INC.**

*accounting control consultants & solutions specialists*

### Tax Checklist for Preparing Current Year Personal Tax Returns

- 1.) **NEW clients** are required to provide our office with a copy your 2010 **prior year** income tax return (federal and states as applicable)
- 2.) **ALL clients** are required to provide our office with the following documents or information:
  - (a) Complete these forms for the 2011 tax season found on our website [www.jptfs.com](http://www.jptfs.com) in the tab "Documents" under "Personal Tax Preparation Resources"
    - "Client Data Input"
    - "Tax Return Engagement Contract"
    - "General Data for Tax Preparation"
    - "Information for Direct Deposit and/or Electronic Funds Withdrawal"
  - (b) Filing status (single, married filing jointly, married filing separately, head of household, qualifying widow), ONLY if different than what was stated on your prior year tax return
- 3.) For the EARNED INCOME CREDIT, note that the IRS has charged tax preparers with the responsibility to reasonably ensure that the information being provided by the taxpayer to calculate the earned income credit appears to be complete and correct. In order to comply with this due diligence requirement, clients are requested to complete information in the "Earned Income Credit – Due Diligence" forms found on our website [www.jptfs.com](http://www.jptfs.com) in the tab "Documents" under "Personal Tax Preparation Resources".
- 4.) Provide our office with the supporting documentation which includes (but is not limited to) the following:
  - Form W2 – wages/salaries
  - Forms 1099-Div, 1099-Int, 1099-OID -> Dividends, Interest and Orig. Issue Discount
  - Investments Capital Gains/losses -> Broker statement, form 1099-B showing proceeds from the sale of stocks, bonds, etc. and schedule showing original purchase price and date for each investment
  - Schedules K-1 (form 1065) from investments in partnerships and other K-1 forms for income from estates, trusts and S Corps
  - Charitable Contributions - A "record of contribution" is required for ALL cash contributions, regardless of amount, including (1) a bank record, such as a canceled check, a bank copy of the canceled check, or a bank statement containing the name of the charity, the date, and the amount, or (2) a written communication from the charity that includes the name of the charity, date of the contribution, and amount of the contribution. Cash contributions of \$250 or more require written acknowledgement from the charity reporting the amount donated, whether the charity gave the taxpayer any good or services in return, and the value of any goods or services the taxpayer received.
  - Donations of Property – (1) Receipts from charitable agency, (2) estimated value of property given and (3) appraisal fees for expensive donations. Clothing and household items must be in good used condition or better to be deducted as a charitable contribution. If not in good

used condition or better, a charitable contribution deduction is allowed if the deduction claimed is more than \$500 and a qualified appraisal is included with the tax return.

- Other charitable donations – (1) Prior years' tax returns if you have unused charitable contributions (carryovers) from earlier years and (2) year-end paycheck stub if donations were paid through your wages.
- Income from Foreign Investments – amount of foreign taxes paid
- Income from stock option exercises and sales – (1) stock option agreement which shows type of options received, (2) statement showing exercise price of options and (3) form 1099-B showing proceeds from stock sale
- Sale of employee stock purchase plan shares – (1) Form 1099-B showing proceeds from stock sale, (2) stock price on grant date and (3) stock price on purchase date
- Advance Child Tax Credit Payment from IRS - (1) copy of the IRS notice announcing the amount of your payment and (2) amount of payment you received
- Social Security Benefits – Form SSA-1099
- Childcare costs – (1) Cancelled checks or invoices, (2) childcare provider's name, (3) provider's address and (4) provider's tax ID or social security number
- Education costs – receipts for tuition or cancelled checks for post-high school education
- Adoption costs – legal fees, transportation, other costs
- Alimony received – Receipts/cancelled checks, bank statement or personal recap
- Business or Farming Income – (1) books/accounting records for your business or (2) invoices/billings, bank statements, cancelled checks for expenses, payroll records, invoices for major purchases of machinery, equipment, furniture, etc., logs or other records listing vehicle mileage and inventory records if applicable
- Use of Home for Business – (1) square footage of your home office, (2) total square footage of your home, (3) total rent paid if home if rented, (4) mortgage interest reported on Form 1098, (5) property tax payment records, (6) homeowner insurance payments, invoices for home repairs and maintenance and (7) utility bills
- IRA/Pension Distributions – (1) Form 1099-R for payments from IRA or retirement plans, (2) account summary form for the year for your IRAs or deposit receipts/contribution records and (3) most recently filed form 8606 if you received a distribution from an IRA and if you made non-tax deductible contributions
- Real Property Income – Profit and loss statements from your property manager or (1) checkbook or cancelled checks for expenses, (2) Form 1099-Misc for other records for rental income paid to you, (3) mortgage interest from Form 1098, (4) property tax payment records and (5) record of suspended rental losses from prior years
- Income from Sale of Property – If property was sold in current year include records of (1) sales proceeds – bill of sale, closing statement or other records (2) cost of property sold – invoices, receipts or cancelled checks and (3) capital improvements – invoices on construction contracts and cancelled checks. If property sold before current year on installment basis include (1) form 6252 from prior year, (2) amount of principal collected on the note and date of all payments in current year, (3) amount of interest collected on the note and (4) the name, address and social security number of the buyer
- Unemployment Compensation – Form 1099-G or unemployment check stubs and deposit records

- Miscellaneous Income – including but not limited to (1) barter income form 1099-B, (2) jury duty pay records, (3) form W-2G for gambling and lottery winnings, (4) receipts for all gambling purchases, (5) form 1099-Misc for prizes and awards, (6) form 1099-MSA for distributions from medical savings accounts and (7) real estate tax rebates
- IRA Contributions - Year-end account summary or bank statements
- Student Loan Interest - Form 1098-E showing interest paid, or loan statements
- Medical Savings Account Contributions - Account statements or cancelled checks
- Moving Expenses - Invoices from moving companies or cancelled checks and paycheck stub for moving expense reimbursements
- Self-employed Health Insurance - Insurance premium bills, or cancelled checks
- Keogh & SEP Pension Plans - Year-end account summary, or cancelled checks
- Alimony Paid - Cancelled checks
- Educator Expenses - Cancelled checks for expenses paid for classroom supplies, etc.
- If Purchased Home in Current Year -> Provide Copy of HUD Closing Statement
- Home mortgage interest - Form 1098, or your mortgage statement or bill for the entire current year
- Points - Form 1098 if you purchased a home in current year or your prior year tax return if you refinanced in prior year
- Interest paid on investment loans - Brokers' statements showing margin interest paid and loan statements for loans taken out to purchase investments
- Casualty and Theft Losses – (1) Description of property damaged or stolen, (2) receipts or cancelled checks showing cost of property, (3) insurance policy and insurance reports showing reimbursement and (4) appraisal fees if applicable
- Job Expenses – (1) Reimbursement check stubs or reports from your employer, (2) Job travel information, including invoices, receipts, or ticket stubs for transportation, mileage records per vehicle used, hotel bills, restaurant tickets showing name and address of establishment and parking fee receipts, (3) union dues – Paycheck stub for automatic withdrawals , (4) gifts to clients, etc. – receipts showing date, cost, description, (5) supplies – receipts or bills, (6) property purchased for use in your work – invoices, receipts, (7) uniform and special clothing costs – bills or paycheck stubs showing deductions, (8) seminar fees – receipts or invoices, (9) professional publications and books – receipts or invoices, (10) receipts for small tools and supplies you purchased, (11) job search expenses, including long-distance call bills, resume costs (printing, mailing, resume service, etc.), transportation bills and mileage records, employment agency fees and career counseling costs and (12) job-related educational expenses, including tuition, fee, and book receipts for education that maintains or improves your present skills, transportation receipts, and lodging receipts if you take classes away from home
- Other Miscellaneous Deductions – (1) tax return preparation fees – invoices or cancelled checks, (2) cost of tax return preparation software and books – receipts or cancelled checks, (3) safe deposit box rental fees from bank invoice or statement, (4) IRA custodial fees (if paid from a non-IRA account), (5) payroll records for office workers managing your investments and (6) investment advice costs: invoices or bills
- Medical & Dental Expenses – (1) medical bills or cancelled checks, (2) form SSA-1099 for Medicare premiums paid from your social security benefits, (3) year-end pay stub if

premiums were paid through your wages (only if the deductions were after-tax) and (4) mileage records for trips to the doctor, clinics, etc.

- Taxes State & Local Income Taxes – (1) last year’s state income tax return, (2) W-2s and (3) cancelled checks for state estimates paid
  - Real Estate Taxes – (1) tax collector bills or cancelled checks, (2) form 1098 or closing statement if you bought, sold, or refinanced property in the current year
  - Personal Property Taxes – (1) tax bills or cancelled checks and (2) automobile licensing bills, if fees are charged annually based on value
  - Information on Household Employees – (1) wages paid during 2010 and (2) employee’s social security number
  - Tax Payments – (1) quarterly estimated tax payments – records showing the date paid and amount , (2) if you applied a tax overpayment from prior year to current year, a copy of your prior year income tax return, and (3) if you filed for an extension for your prior year tax return – cancelled checks for payments you made with the extension
- 5.) Complete and submit the following forms (as necessary) found on our website [www.jptfs.com](http://www.jptfs.com) in the tab “Documents” under “Personal Tax Preparation Resources” :
- Child & Dependent Care
  - Profit or Loss From Business
  - Auto Expense Worksheet
  - Expenses for Business Use of Your Home
  - Employee Business Expenses
  - Sale of Capital Assets
  - Sale of Home
  - First Time Home Buyer Credit (include copy of closing statement)
  - Energy Credits
  - Casualty and Theft Losses
  - Rental Real Estate and Royalties
  - Installment Sales
  - Small Employer Health Insurance Credit
- 6.) Highlight any extraordinary events that occurred in the current year that may have a tax effect. Here are some examples:
- Change in your filing status (death, marriage, etc.)
  - You bought or sold property
  - You changed residences
  - You sold a large portion of stock
  - You had a fire loss
  - You bought or sold a business
  - A tenant in your building did not pay you rent for 6 months
  - Your child is no longer in college and is no longer your dependent