Preparing for Tax Preparation

By Tiffany J. Morisue

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Being prepared for your tax appointment can really pay off in terms of maximizing deductions and minimizing tax as well as lowering fees charged by your preparer! Additionally, you should be able to walk away from your tax appointment with peace of mind that your returns are complete and accurate and maybe even with some tax savings advice that you can really use.

Finding a Preparer

First of all, finding a tax professional to work with is a very important decision. A tax professional is not only a tax preparer, but someone who can provide you with advice on tax issues and assist you with tax planning. You want to find someone who is not only professional and competent, but who is also a good fit for you and your specific needs.

Selecting a preparer solely based on price is not necessarily in your best interest. Preparers who are preparing many returns at lower prices may be more concerned with the quantity of returns prepared than the quality of the returns prepared. Returns that are rushed through may have errors or omissions which you are ultimately responsible for. A thorough, accurate return where deductions have been maximized legitimately should be your primary tax preparation goal.

If possible, it is best to assess your situation and look for a preparer early. This will allow you more time to find a preparer that is a good fit for you and to possibly even take advantage of a tax planning consultation that could save you more money in taxes. Keep in mind that if you wait to call around until tax season (mid−January through mid−April), it may be challenging to find someone who will be willing or able to speak with you over the phone in much detail about your specific situation.

If you find that it is tax season already and you have not decided on the tax professional that you will be using, there are a few ways that you can find out more about some of them without taking up much of their time on the phone. If you have access to the Internet, you can check out websites of local tax professionals to find out more about their businesses, their credentials, and the services that they offer. You can also check with family and friends to get some referrals.

One last point about finding a tax preparer that you really need to know - they are not all the same! Did you know that only a few states require any kind of licensing or registration of preparers? Thus, in most states, just about anyone can open up a tax preparation business. Did you know that they all do not have full−time, year−round hours? This is important in case you have questions or problems after your taxes are prepared. You should do your homework when checking out potential preparers − find out about their licensing/credentials, education, experience, and availability throughout the year. Two professionals that you should consider in your search are Certified Public Accountants (CPAs) and Enrolled Agents (EAs). They each must meet strict criteria to obtain their designations as well as adhere to a strict code of professional ethics and meet annual continuing professional education requirements.

Getting Prepared and Organized

Once you find a preparer that you want to work with, you will want to be well prepared and organized to ensure that you get the most from his/her time and service. Being organized and prepared can reduce not only your tax liability, but your tax preparation fees as well.

Before proceeding with the actual pre−meeting preparation steps and specific items that you should bring to your tax appointment, it should be noted that all preparers do not actually meet with their clients face to face to prepare their returns. Some just have clients drop off or mail their information. Once the returns have been prepared, they mail the returns to their clients or have the clients pick them up. Would you feel comfortable not meeting with your family physician for your child's annual physical exam? There is so much more you can get out of the tax preparation process by meeting and working with the preparer!

The following are steps that you should take before meeting with your tax preparer:

·Schedule your appointment early. The earlier in the tax season you schedule your appointment, the less likely it will be that your preparer is dealing with many stressed−out, last−minute clients. Additionally, you will be more likely to get an appointment for a day and time that fits well into your schedule.

·Review last year's return. This will remind you of any tax issues or situations that you will need to discuss with your preparer as well as remind you of items that you will need for your appointment.

·Organize all receipts and paperwork. The "shoebox" or similar method is not the best for your tax appointment, unless you want to pay your preparer to sort, organize, and add up receipts. Have your receipts organized and totaled by category. Have other relevant documents organized by category.

·Gather all tax−related mail that you receive to include pre−printed tax forms, tax booklets, and tax reminder notices. These items often will include information that is helpful to your preparer in regards to your situation. Many tax clients assume that because their preparer uses tax software that there is no need to bring these items to their tax appointment.

·Prepare information on unusual situations. If you have any unique tax situations or liabilities, prepare to discuss them. This includes any past problems you may have had.

·Bring relevant computer data files. If you track your finances with a program such as QuickBooks or Excel, bring the data file(s) with you. Having the data file(s) handy might assist in answering any last minute questions. Call first to make sure the preparer's office supports your file format.

·Brush up on relevant tax law/tax changes. While this it is not always possible for the non−tax professional to be fully versed on tax law, the more informed you are, the better you will be able to assist in the return preparation process, provide important information, and keep unnecessary questions to a minimum. Visit the IRS website (www.irs.gov) and the website for your state department of taxation/revenue - you will most likely be surprised how taxpayer friendly these sites can be.

·Compile your questions into an organized list. Try to avoid asking questions haphazardly/at random during your tax appointment or making multiple phone calls to your preparer in the same manner. This is not an efficient use of your time or your preparer's.

·Be on time for your appointment. While we are all busy, there is probably no one as pressed for time as a tax preparer during tax season. If you are late, this could take away from the time the preparer can spend with you. It is important to keep in mind that your preparer may have appointments with other clients before and after your appointment. Accordingly, keep in mind that it is possible for your appointment or the one before yours to run a few minutes over the scheduled/allotted time, so be patient.

·Avoid distractions during your tax appointment. Chit chatting with your preparer, cell phones and pagers, and bringing children with you to your tax appointment can create unnecessary distractions for your preparer which could result in unintentional errors on your tax returns. Your preparer needs to be able to fully concentrate on the task at hand.

·Do not delay getting information to your preparer. If after your tax appointment you need to get back with your preparer with additional information, do so immediately so your return is still fresh in your preparer's mind and to avoid the last minute April 15th rush. Remember, your preparer has many other clients to deal with. Thus, he/she cannot be expected to call to remind you that he/she is still waiting on information from you. You should take responsibility for getting additional information needed to your preparer and for following up in regards to your returns in process.

As for some specific items that you will not want to forget to bring to your appointment:

·Make sure you have all documents related to income. Examples include wage statements (Forms W−2s); pension and retirement income (Forms 1099−R); interest and dividend income (bank statements and reports, Forms 1099−INT, Forms 1099−DIV); self−employed business income; lottery or gambling winnings; Social Security; unemployment compensation; rental income; commissions; and tips.

·Provide documentation of expenses and losses. Examples include self−employed business expenses; lottery or gambling losses; expenses from rentals; medical and dental expenses; unreimbursed employment−related expenses; job−related educational expenses; job search expenses; moving expenses; and child care expenses (to include care provider's full name, address, and tax ID or Social Security number).

·Provide documentation related to your home. Typically, home ownership provides many great tax benefits. If you buy or sell a home during the year, make sure you bring complete documentation regarding the sale or purchase of a home. Additionally, bring information/statements related to real estate and personal property taxes and mortgage and/or home equity loan interest paid.

·Documentation related to miscellaneous income or debt. Other items to bring documentation on, if applicable, include, but are not limited to: sales of stocks and bonds; state and local tax refunds; alimony paid or received; estimated or foreign taxes paid; and cash and non−cash charitable donations.

·Information on new dependents to be claimed on your tax return or changes to dependents. If you have had a baby, gotten married, have begun supporting a relative, etc., your preparer will need name, Social Security number, and date of birth information (also discussed below). A name change is another example of such information that your preparer will need.

If you are not sure if something has tax implications, bring the related document or information and ask!

Furthermore, if you are a new client to your preparer, you will need the following items/information as well:

·Your prior year tax returns to include relevant supporting items such as Forms W−2s. Not only your Federal return, but also your state and any local returns. There are items on your prior year returns that may carry forward to your current tax returns. Additionally, the returns allow the preparer to better understand your tax situation.

·Full names, Social Security numbers, and dates of birth for all persons that will be included on your tax returns. It is very important that names and Social Security numbers given to your preparer exactly match up with what is on the individual's Social Security card. Bringing actual Social Security cards to your appointment helps to ensure this. Additionally, dates of birth must be accurate. When such information is not accurate, this can cause your return to be rejected for processing or otherwise cause a delay in processing of your returns.

In addition to the above listed items, your preparer may have some additional required items, such as a valid state issued identification card or driver's license for each taxpayer.

Remember, even though the preparer bears some responsibility, you are ultimately responsible for your tax return. So finding a great preparer and being prepared and organized will help ensure that you recognize the greatest tax savings possible and that your tax appointment goes smoothly!

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Preparing For The Honeymoon Trip

By Low Jeremy

Preparing for the wedding alone is already a headache. But it does not mean that you disregard the preparation for your honeymoon trip. Since wedding does not end after the exchange of vows, preparing for the honeymoon trip is equally important with preparing the wedding. And since this trip is the best time for you to spend your first days together as husband and wife, it should be taken into great account.

To make your honeymoon preparation less worrisome, here are some tips you can follow:

Plan ahead of time

Preparation should begin early. If you want to go to a honeymoon trip after the wedding celebration, then you should have already prepared for it long before the wedding day. Meanwhile if you will go to a honeymoon trip weeks after your wedding day, it is not an excuse to plan late. Preparing for the wedding day is also not an excuse to plan after the wedding. Everything should be prepared. Make sure you have already determined or have booked and made reservation on the location of your trip.

Create a checklist of everything

If the schedule is hectic and there is so much to do, you surely would forget some important things. Do avoid this from happening; create a checklist of everything you need to prepare. This does not only go with the honeymoon trip; it should also apply to the whole wedding preparation itself.

Finalize your travel documents

Make sure that your travel documents are all set before your honeymoon trip. Doing this early would save you a lot of trouble when the day closes near. If you are traveling outside the country, if is advisable to complete all your travel documents and keep them in a safe place.

Confirm your booking and reservation

Booking your flight and accommodation is not enough. You should confirm them days before you go. Making sure that everything is set and prepared once you arrive should be your primary concern.

Relax

After you're stressful wedding preparation, you surely would not want to add pressure on your head. Keep in mind that one reason why you are going for a honeymoon trip is to relax, so you should relax. There is no reason why you should make the preparation for your honeymoon trip troublesome. Wedding preparation is stressful enough. You should not add some more.

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