

NEW YEAR RESOLVE

By the time you get this issue of ChartNotes, another year will have ended! Start the new year with some tax planning. Before the dust settles on your 2009 information, take a thorough trip through your records to identify, gather, and summarize items of income and expense that you will need for your 2009 income tax return. Resolve, while the resolution season is in full swing, to gather all the data for the return and compile a short list of things you are waiting to receive. Resolve to complete the hunting and gathering process by January 31. Your tax preparer should send you an organizing document based on your prior year return during the first two weeks of January. This too, should be a signal to start the gathering process. Also, by January 31, you should receive government reporting forms such as W-2s, 1099s, and 1098s.

So how do you go about gathering your pertinent information?

Let's see...how about a list of items that might hold the key to tax deductions and sources of taxable income:

- 2008 income tax return(s).
- Final 2009 wage statement.
- December bank statements.
- December brokerage statements.
- W-2s, 1099-INT, 1099-DIV, 1099-MISC, 1098-T, 1098-INT.
- Donation acknowledgements from charitable organizations.
- Medical records for the year.
- Credit card statements for the entire year.
- Goodwill receipts supporting donations of goods.
- Check registers, banking records, or personal Quicken® or QuickBooks® accounting for the entire year.

This process is all about gathering information and hunting for all possible income tax items—keep the resolve!

Think about all your monetary transactions—income you earned and the information to document it, “unearned” income from investments, expenses that were paid to generate income, and expenses that qualify to be itemized (taxes, mortgage interest, charitable donations, and certain miscellaneous items).

How about documentation to support tax credits you may have earned:

- Purchase of Hybrid automobile (federal and Oregon).
- Energy efficient appliances.
- Certain energy efficient home improvements.

- Contributions to political campaigns.
- Contributions to Oregon Cultural Trust.

As you gather this information, be sure to hunt for ways to make financial improvements for the coming year(s):

- Should you purchase long-term care insurance.
- Do you utilize your employer's medical reimbursement plan as much as you could. Also, HSA or FSA.
- If you own multiple homes, do you have a personal excess liability (umbrella) insurance policy.
- What rates of interest are you paying on mortgage debt or other debt. Should you refinance, consolidate, or pay off? What about a home equity loan / line of credit.
- Is your will, trust, or overall estate plan up to date.
- Are your business(es) in the best form—LLC or S-Corp.
- Are assets that produce income protected from creditors by LLC or S-Corp formation.
- Have you maximized your contributions to retirement plans—either individual accounts or employer-sponsored.
- Are your retirement assets invested according to your risk/reward and age factors.

Finally, make notes of things you know you are missing or have not yet received. Tax Season at your CPA's office is a very busy time of year. Imagine if you had appointments with 90 percent of your medical clients (patients) during the course of 60-75 days.

That is exactly what happens during a typical tax season. Therefore, organization by both the client and tax preparer are critical to the success of the process. Be prepared early, be thorough, and be responsive to questions posed by your CPA. All of these actions will help lead to a complete, accurate, and timely prepared/filed tax return.

KEEP THE RESOLVE!!

HAPPY NEW YEAR!!

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