

9 Steps to Smoother Tax Filing

By
Ted Lanzaro, CPA

With the ever changing tax laws, which are difficult to understand, we have put together 9 helpful hints to help you to be better organized and make your tax filing run more smoothly.

1. Don't procrastinate:

You will want to gather your information and began reviewing it as soon as possible. Also, by reviewing last year's return for changes in things such as; deductions, dependant's status, and income. In doing this step it will refresh your memory, so that important deduction are not forgotten on this year's return.

2. Gathering your deductions:

You want to review your current year's expenses and gather anything you might consider to be a deduction. Also, going through your checkbook, credit card statements, and receipts will help you better locate those all important deductions. Let's face it the more deductions you have the better. Here are some examples of expenses to look for that you may have: Medical expenses, Mortgage interest, Real estate taxes, donations, work related expenses, union dues, personal property taxes and any other items that you think might be deductible.

3. Income Documentation:

Gather all the income documents you have received during the year such as: Form W-2 (Statement of Wages), Form W-2 F (Gambling winnings), Form 1099-B (Stocks and Bonds), Form 1099-R (Distributions from pensions, Annuities, Retirement or profit-sharing plans, IRAs, and Insurance contracts), Form 1099 (Interest, dividends, royalties), Form 1099-G (State and Local income tax refunds), Form 1099-B and Brokerage statements (Sales of securities), and K-1s (Income and Deductions from Partnerships, S Corporations, Trusts, Estates). Review all these documents to make sure they are correct. If you notice any discrepancies contact the issuer of the form immediately to get a correct form. If you are unable to get the correction made you will be required to attach a letter of explanation with your return.

4. Non Taxable Income:

When gathering your above income information do not forget your non taxable income. Here are a few examples of these: Child Support payments, Welfare benefits, Life Insurance proceeds received due to the death of an individual.

5. Personal information:

You will need to gather some personal information that will be required to file your return such as; security numbers and birth dates for any dependents you will be claiming.

6. Children's income:

While gathering your information to file your tax return, take a moment to review this information for your children to see if they have any filing requirements.

7. Scheduling your appointment:

You will want to schedule your appointment with your tax preparer as soon as possible to allow ample time for any corrections or documents you will need to track down before the filing deadline and to avoid the last minute rush of filers.

8. Making tax payments:

When making payments to the IRS you will want to make sure that your payment is properly identified with the following information: Your name, Address, Social Security Number or your business ID number. Also, include what the payment is for including what tax year. Make individual payments; do not combine more than one payment in the same check.

9. Keeping records:

It is recommended that should keep your records including bank statements, canceled checks, income and deductions for at least 3 years from the date of filing your return. That is the statute of limitation set by the IRS for audits. By doing so that will help you be better prepared in the event that your return is selected for an audit.

Ted Lanzaro, CPA “The Millionaire Tax Advisor” owns and operates Lanzaro CPA, LLC, a tax strategy, accounting and business advisory firm with offices in Shelton, CT. The firm concentrates on providing advisory services, education and products design to promote business development, tax savings and wealth creation. He can be reached by phone at 203-924-5760 or via email at Ted@lanzarocpa.com. You can subscribe to “The Millionaire Tax Advisor” Newsletter at www.millionairetaxadvisor.com. You can also get a copy of Ted’s special report “10 Proven, Totally Legal and Effective Tax Strategies That Will Put Thousands In Your Pocket Every Year” at his website www.lanzarocpa.com

You should consult a tax professional prior to implementing any of the tax planning strategies to make sure it fits your specific situation.