

It's easier than you think!

A little well directed energy can make doing your tax return less taxing. Here's how....

Be Prepared: It's easy. Keep everything. The most basic record keeping is "Brown Bagging". Keep all your receipts (yes, even the grocery store) during the year and put them in a brown bag.

Get Organized: You don't have to be a slave to your computer to be prepared to do your tax return. A \$2.00 box of envelopes and some of your time will accomplish the same thing. At the end of the year you'll need to put in time to sort all those receipts or...throw a Tom Sawyer spaghetti dinner party and have your friends come and sort your receipts for you.

Your tax preparer should be able to give you a basic expense list. You should add to it any categories particular to how you do business or your specific job.

The key to deducting expenses is whether they are "ordinary and necessary". This is always a discussion point and certainly can be a grey area. You have to be able to support the necessity aspect. Separate your expense receipts into your various categories. You want to total each group of receipts with an adding machine so you have a paper tape to check. Put the receipts and tape into an envelope with the total and category on the outside. Bring the envelopes to your tax appointment.

Those grocery store receipts need to be reviewed to see if any magazines or office supplies were purchased. They are an overlooked deduction. Also the groceries may be deductible if you entertained at home or took food or beverage to a business meeting. They are a good reminder of what you did for the year.

For the car expenses it is important to have any lease agreements or purchase papers as well as repair bills showing mileage near the beginning and the end of the year.

Whether you traveled a lot or a little some sort of travel recap is needed: When, where, and why.

Bring your Questions: Your receipts should be sorted into more categories than less categories. As you sort make notes about things to clarify with the preparer. Separate out printing, postage, and office supplies as opposed to lumping them all into "office expense". Any single large category invites scrutiny.

For those of you who are computerized see if you can email your data to your preparer. If you're using common software most preparers can access your files. Then he or she may print out the information by summary and detail as needed. Or bring it in a laptop to review.

You're doing great so far....Next is....

The appointment. Plan on spending 1 – 2 hours with your tax preparer. He or she should review your data with you while preparing your return.

Your tax preparer should provide you with a bring list. You want to bring all year-end statements such as W-2's, 1099s, Bank and Stock statements, Mortgage statements, charitable deduction papers, House sale or purchase papers, copy of a new child's social security card etc. and of course your envelopes!

Your tax preparer should ask enough questions and have a good enough background to know whether any category is out of line for your financial situation or job description. If so he or she should ask to see the detail inside that particular envelope.

Now ask those questions.... Before the appointment...You should have at least a range of the cost of your return. It is very hard to set an exact cost when meeting a client for the first time. What you, the taxpayer, consider an easy return may be a lot more work than described over the telephone. Also you may not have fully informed the preparer of what exactly is in your return.

Your preparer should discuss retirement contribution options for past and current years. They are able to get a sense of your whole financial situation and help you set goals regarding how liquid your funds need to be. They can answer the unanswered question of whether to buy or lease a car.

Most preparers use software such that you can see the return and have a fairly good understanding of what's in it before you leave. They'll give you a missing information list for fine tuning and the finishing touches. It should be fairly short since you did so much before you got there. You came organized and prepared. Your effort paid off.

During the meeting you should bring up what's new or different for the upcoming year. Most tax planning for the upcoming year can be done during your tax return meeting.

If it is extraordinary this may need a separate appointment for tax planning. In the entertainment industry people can go from unknown to known, selling their script or landing a primetime-acting job. You should let your preparer know if there are dependent changes: parents, children, or friends. Ask if you think someone is your dependent and aren't sure of the rules. Other major life changes: marital status change, an inheritance or medical condition can all have tax consequences. The goal is tax planning not tax surprise.