**Tax Preparation Checklist**

Updated for Tax Year: 2011

*Before you begin to prepare your income tax return, go through the following checklist. Not every category will apply to you, so just pick those that do, and make sure you have that information available. When you're ready to prepare your tax return or meet with your CPA, you'll be surprised at how much time you'll save by organizing your information beforehand.*

**Before you start tax preparation**

Print this article. Check things off as you collect them, and enter information such as Social Security numbers and cash amounts.

If you maintain your financial data in a personal finance software program such as Quicken®, print a report of your financial transactions for the tax year (e.g. 2011). This is an invaluable tax preparation resource as you prepare your income tax return, and helps you clearly see where your money goes each year. Having this information in a report is much easier than going through your checks for the entire year.

As you review the report, highlight information you will need to prepare your tax return or make notes to remind yourself of something later. If you need more information on a certain item, the report makes it easier to find the item on the computer when you need the detail. For example, if you know you paid check number 1077 to the IRS but don't know if it was for last year's balance due, an estimated payment for this year, or an extension payment, you can do a search for check number 1077 and get more details.

Now you're ready to start gathering information. This income tax preparation checklist is divided into relevant categories to help you organize your tax information. As you receive or locate an item, check it off of the list.

**Personal information**

The IRS needs to know exactly who's filing and who is covered in your tax return. To do this, they require Social Security numbers.

**Social Security Numbers**

* Yours

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* Spouse

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* Dependents

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**Information about your income**

The following documents will help to identify all of your various sources of income for the year.

**Income from Jobs**

* Forms W-2 for all employers for whom you and your spouse worked during the year

**Investment Income**

* Interest income - Form 1099-INT
* Dividend income - Form 1099-DIV
* Proceeds from the sale of stocks, bonds, etc. - Form 1099-B
* Confirmation slips or brokers' statements for all stocks, etc., that you sold during the tax year
* Schedule(s) K-1 (Form 1065) from investments in partnerships
* Schedule(s) K-1 (Form 1120S) from investments in S Corporations
* Income from foreign investments: Amount of foreign taxes paid (you can find this on the brokers' statements)

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* Stock option exercises and sales:

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* Stock option agreement (showing the type of options you received)
* Stock option statement showing exercise prices of options
* Form 1099-B for proceeds from stock sales
* Sale of employee stock purchase plan shares:
* Stock price on grant date

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* Stock price on purchase date

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* If the stock sale occurred before the qualifying period began, Form W-2 showing "compensation income" from a disqualifying disposition

**Income from State and Local Income Tax Refunds**

* Form 1099-G from state or local governments
* State income tax return from the previous year, if any
* City income tax return from previous year, if any

**Alimony Received**

* Bank statements or record of deposits

**Business or Farming Income**

* Books/accounting records for your business OR:
* Invoices or billings
* Bank statements
* Cancelled checks for expenses
* Payroll records

In addition, you will need:

* Invoices for major purchases of machinery, equipment, furniture
* Logs or other records listing vehicle mileage
* Inventory records, if your business maintains an inventory of goods or materials

**If You Use Your Home for Business**

* Square footage of your home office area

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* Total square footage of your home

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* Total rent paid, if home is rented

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* Mortgage interest reported on Form 1098

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* Property tax payments from assessor's bill, cancelled checks, or impound records

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* Homeowner insurance premium payments

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* Invoices for repairs and maintenance on your house
* Utility bills

**IRA/Pension Distributions**

* Form 1099-R for payments from IRAs or retirement plans
* Account summary form for the year for your IRA accounts , or
* Deposit receipts and contribution records
* If you received a distribution from an IRA account, the most-recently filed Form 8606 (if you made contributions in prior years to IRAs that weren't deductible on your income tax return)

**Rental Property Income**

* Profit and loss statements from your property manager, or
* Checkbook or cancelled checks for expenses
* Form 1099-MISC or other records for rental income paid to you
* Mortgage interest reported on Form 1098
* Property tax payments from assessor's bill, cancelled checks or impound records
* Record of suspended rental losses from prior years (usually shown on last year's income tax return)

**Unemployment Income**

* Form 1099-G from your state unemployment agency, or
* Unemployment check stubs and deposit records

**Social Security Benefits**

* Form SSA-1099

**Income From Sales of Property**

If the property was sold in the tax year:

* Sales proceeds: Bill of sale, escrow statement, closing statement or other records
* Cost of the property you sold: Invoices, receipts or cancelled checks
* Improvements made to the property: Invoices or construction contracts and cancelled checks
* Form 1099-C if your lender cancelled or forgave a portion of your debt. Normally considered taxable income, debt forgiveness on your principal residence is exempt from federal taxes through 2012. (You'll need Form 982.)

If the property was sold at a profit in a prior year on the installment basis:

* Previous year's return – Form 6252: Installment Sales
* Amount of principal collected on the installment note owed to you and the date you received each payment

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* Amount of interest collected on the note

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* Name, address and Social Security number of the buyer

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**Miscellaneous Income**

* Jury duty pay records
* Form(s) W-2G for gambling and lottery winnings
* Receipts for all gambling purchases
* Form 1099-MISC for prizes and awards you received
* Form 1099-MSA for distributions from medical savings accounts
* Scholarship records (if you used the money for anything other than tuition, books and supplies)
* Director's fees receipts if you received money for serving on a corporate board of directors

**Adjustments to your income**

The following can help reduce the amount of your income that is taxed, which can increase your tax refund or lower your tax due.

**IRA Contributions**

* Year-end account summary or bank statements

**Green Energy Credits**

* Form 5695 for residential energy credits
* Receipts for adding insulation, energy efficient exterior windows, energy-efficient heating and air conditioning systems, solar hot water heaters, geothermal heat pumps, and wind turbines

**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, SIMPLE and Other Self-employed Pension Plans**

* Year-end account summary, or
* Cancelled checks
* Alimony Paid
* Cancelled checks

**Educator Expenses**

* Cancelled checks for expenses paid for classroom supplies, etc.

**Itemized tax deductions and credits**

The government offers a number of deductions and credits to help lower the tax burden on individuals, which means more money in your pocket. You'll need the following documentation to make sure you get all the deductions and credits you deserve.

**Advance Child Tax Credit Payment**

* Copy of the IRS notice announcing the amount of your payment
* Amount of the payment you received

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**Child Care Costs**

* Cancelled checks or invoices
* Child care provider's name

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* Provider's address

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* Provider's tax ID or Social Security number

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**Education Costs**

* Receipts for tuition (or cancelled checks) for post-high school education
* Tuition statement - [Form 1098-T](http://www.irs.gov/pub/irs-pdf/i1098et.pdf)

**Adoption Costs**

* Social Security number or ID number of adopted child

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* Receipts or cancelled checks for:
  + Legal fees
  + Transportation
  + Other costs

**Interest You Paid**

Home mortgage interest:

* Form 1098, or
* Your mortgage statement showing how much interest you paid

Points:

* Form 1098 if you purchased a home and paid points
* Your prior year's tax return if you refinanced in a prior year and are deducting points over the life of the loan

Investment interest expense:

* Brokers' statements showing margin interest paid
* Loan statements for loans taken out to purchase investments

**Charitable Donations**

Cash donations:

* Charity bills, receipts or cancelled checks
* Records of the mileage incurred for charitable purposes (such as Scouts)

Donations of property:

* Receipts from a charitable agency
* Estimated value of property given

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* Appraisal fees for expensive donations

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Other charitable donations:

* Prior years' tax returns if you have unused charitable contributions (carryovers) from earlier years
* Year-end paycheck stub if donations were paid through your wage

**Casualty and Theft Losses**

* Description of property damaged or stolen
* Receipts or cancelled checks showing cost of property
* Insurance policy and insurance reports showing reimbursement
* Appraisal fees if applicable
* Previous year’s return if your loss was in a federally-declared disaster area and you plan to deduct your current year loss on a previous year's amended return

**Other Miscellaneous Tax Deductions**

* Reimbursement check stubs or reports from your employer
* Union dues - paycheck stub for automatic withdrawals
* Gifts to clients, etc. - receipts showing date, cost and description
* Supplies - receipts or bills
* Property purchased for use in your work - invoices, receipts
* Uniform and special clothing costs - bills or paycheck stubs showing deductions

**Job Expenses**

* Seminar fees - receipts or invoices
* Professional publications and books - receipts or invoices
* Receipts for small tools and supplies you purchased

Job travel information:

* Invoices, receipts or ticket stubs for transportation
* Mileage records per vehicle used
* Hotel bills
* Restaurant tickets showing name and address of establishment
* Parking fee receipts

**Medical and Dental Expenses**

* Invoices, receipts for medical or dental expenses, hospital care, medical aids, medicines and drugs, nursing care, nursing home expenses, transportation costs for obtaining medical care

**Taxes you've paid**

Properly documenting the taxes you've already paid can keep you from overpaying.

**State and Local Income Taxes**

* Last year's state income tax return
* Forms W-2
* Cancelled checks for state estimates paid

**Real Estate Taxes**

* Tax collector bills or cancelled checks
* Form 1098 or closing statement if you bought, sold or refinanced property in the current year

**Personal Property Taxes**

* Tax bills or cancelled checks
* Automobile licensing bills, if fees are charged annually based on value

**Information on household employees wages paid during 2010**

A household employee is anyone you paid to provide domestic services in your home, like a nanny, babysitter, au pair, landscaper, etc. You are responsible for paying employment taxes for that person if you did not hire them through an agency, or if they are not self-employed and making estimated tax payments on their own.

If you are required to pay taxes on a household employees wages, you'll need:

* Completed Form W-9 from your employee showing his or her Social Security number or other Taxpayer Identification Number (TIN)

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**Other tax payments**

If you paid quarterly estimated tax payments (usually paid by self-employed workers), you'll need:

* Records showing the date paid and amount

If you applied a tax overpayment from the prior year to the current year, you'll need:

* Your prior year income tax return

If you filed or plan on filing extensions for your tax return, you'll need:

* Cancelled checks for payments you made with the extension

**Direct deposit information**

If you want your tax refund deposited directly into your bank account, you'll need:

* Routing number from the lower left side of one of your checks (usually the first nine digits)

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* Bank account number from the bottom of the check or on a bank statement

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**Foreign bank account information**

* Name of financial institution

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* Location of financial institution

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* Account number

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* Maximum value of account

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**Hybrid or clean diesel auto purchases**

To receive a tax break for the purchase of a hybrid or clean diesel automobile, you must provide:

* Bill of sale for the purchase of a hybrid automobile

**Please contact me if you need assistance.**

Andrew Jordan, CPA, MSF

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