



# What we Need to Prepare your Taxes

**Be sure to review the drop-off packet for additional requirements**

**Income including, but not limited to:**

- Wage statements reported on Form W-2s
- Pension or retirement income reported on Form 1099-R (IRAs, 401(k), 403(b), TDSP, 457, etc.)
- Form 1099R for any Roth conversions done during the year
- Interest income reported on Form 1099INT (required to be mailed by 1/31)
- Dividend income reported on Form 1099DIV (required to be mailed by 2/15)
- Interest or dividend income that is from tax-free investments, generally found on the year end statement (note: this is tax-free, not tax-deferred)
- Social Security income reported on Form 1099-SSA
- Unemployment income reported on Form 1099-G
- Non-wage earned income received & reported on Form 1099-MISC
- Sales of stocks, bonds or mutual funds reported on Form 1099-Bs (required to be mailed by 2/15)
- Rental income listed for each property owned, list each property separately
- Self-employment or farm income received before any deductions
- Lottery or gambling winnings reported on Form W2-Gs
- Income from partnerships, estates, trusts or corporations reported on Form K-1s (to be mailed by 3/15)
- Statement of Sale (received at closing) for any real estate sold during the year
- Alimony received
- Income received for any business asset sold or traded-in during the year
- College 529 plan distributions reported on Form 1099-Q
- Long term care expenses reported on Form 1099-LTC
- HSA plan distributions reported on Form 1099-HSA

## **Proof of Health Insurance**

Depending on how you get your insurance determines where the proof comes from. You will get one of three 1095 forms. These forms are required to be mailed no later than March 2, 2018.

- Insurance from the Marketplace is reported on Form 1095-A
- Insurance through your employer is reported on Form 1095-C
- Insurance directly from an insurance company is reported on Form 1095-B

If you are receiving health insurance through Medicare and you are collecting Social Security, your SSA statement should show the premiums and can be used as proof.

While no proof is required to be submitted with the return, we as tax practitioners are required to do our due diligence to make sure that everyone has the required coverage. We need documentation to prove health insurance for the entire year for each member of the family living in the household.

## **Deductions related to income:**

- IRA contributions made – separate amounts for traditional and Roth contributions
- SEP/SIMPLE contributions made
- Alimony paid and ex-spouse's Social Security number (required)
- HSA contributions made by you personally (employer contributions will be on the W2)
- Student loan interest paid (may need to go to financial institutions website to obtain)
- Educator expenses paid for in-classroom instruction of pre-K through 12
- Moving expenses
- Medical, dental, and vision expenses paid (see more information in Medical section)
- State tax paid during the year for any year other than the current tax year
- Real estate taxes paid for any property owned including primary residence, second homes, land, timeshares, etc.
- Any real estate taxes paid at closing if you purchased or refinanced a property during the year
- Mortgage interest or home equity loan interest reported on Form 1098

- Mortgage interest paid to a private individual not reported on Form 1098. Need interest paid plus name, address and Social Security number of the individual the interest was paid to
- Charitable contributions (see more information in the Charitable Contributions section)
- Casualty or theft losses
- Unreimbursed job-related expenses (see more information in the Unreimbursed job-related section)
- Lottery and gambling losses (only to the extent of winnings)
- Rental expenses listed by rental and category
- Self-employed business or farm expenses
- Cost basis for all stock, bond, or mutual fund sales (if not on the Form 1099-B)
- Child care expenses for dependent child(ren) under the age of 13 listed by:
  - Provider: need name, address and Social Security or Employer Identification number
  - Amounts paid **per** child
- Tuition and fees reported on Form 1098T:
  - plus** copy of educational institution's tuition statements

## **Medical, Dental and Vision**

**To deduct medical expenses the expenses must have been paid in the tax year.**

**The amount paid must be reduced by any reimbursement received from insurance.**

Deductible expenses include:

- After tax medical insurance premiums paid, including long term care premiums
  - (Should not include pre-tax premiums from a paycheck)
- Doctor expenses: co-pays paid to medical doctors, surgeons, dentists, eye doctors, therapists, acupuncturists, chiropractors, etc.
- Medicine and drug costs when prescribed (not over the counter)
- Treatment for drug and alcohol addiction
- Exercise program if doctor recommended as a treatment for a specific condition

- LASIK or radial keratotomy eye surgery
- Fertility treatments
- Hearing aids, guide dogs, glasses and contact lenses
- Hospital care and related expenses
- Household help for nursing care services only (not companion care)
- Air conditioner or humidifier for allergy sufferers
- Lodging expenses not provided by hospital while away from home to receive medical care - not to exceed \$50 per night for each person
- Medical aids: wheelchairs, walkers, crutches, prosthetic limbs or oxygen equipment
- Special education tuition for the mentally impaired or physically disabled person
- Smoking cessation programs (not including nonprescription nicotine patches and gum)
- Transportation costs: ambulance, bus, taxi, train and plane fares
- Medical miles on a personal vehicle (not gasoline costs, need number of medical miles driven)
- Weight loss programs as a treatment for a specific disease (including a diagnosis of obesity)
- Home capital improvement if the main purpose of the expense is to provide medical benefits, limited to the amount in excess of the increase in market value of the home; including, but not limited to elevators, wheelchair ramps or swimming pools

## **Moving Expenses**

**To deduct expenses there must be at least 50 miles between new job location and former house.**

**You cannot deduct any expenses reimbursed by your employer.**

Deductible expenses include:

- Costs of moving household goods and personal effects
- Travel expenses including lodging and mileage (not meals) for one trip for each member of the household
- Storage and insuring household goods for 30 consecutive days after moving out of the prior home and before moving into the new home

Nondeductible expenses include:

- Expenses of buying or selling a home
- Meal expenses
- Pre-move house hunting expenses
- Temporary living expenses

### **Charitable Contributions**

**Charitable contributions of less than \$250 are required to be supported by a receipt or cancelled check.**

**Charitable contributions over \$250 require a receipt from the charitable organization.**

Includes money or property given to:

- Churches, synagogues, temples, mosques or other religious organizations
- Federal, state or local governments if contributed solely for public purposes
- Nonprofit schools, hospitals and volunteer fire companies
- Public parks and recreation facilities
- 501(c) organizations such as: Salvation Army, Rescue Mission, United Way, Boy or Girl Scouts, American Cancer Society, American Diabetes Society, American Heart Association, Red Cross, etc.
- \$50 per school month for housing an exchange student

Nondeductible contributions:

- Civic leagues, social and sports clubs, labor unions, chambers of commerce
- Groups that are run for a personal profit
- Groups whose purpose is to lobby for law changes or political groups or candidates for public office
- Homeowner's associations
- Individuals (this includes benefits for those who are sick or victims of a flood, fire, etc. unless the donation is given to a qualified non-profit agency)

Noncash contributions need a receipt supplied by the organization showing:

- Name of charitable organization
- Date and location of contribution
- Description of donated property
- Fair market value of property

### **Unreimbursed Job-related Expenses**

**Subject to certain limitations - any job-related expenses that you incur and are not reimbursed by your employer can be taken as a deduction.**

Expenses include, but are not limited to:

- Meals and entertainment when traveling away from home overnight (not local travel)
- Meals and entertainment when traveling locally and conducting business with a client
- Mileage or actual vehicle expenses. Must maintain a mileage log book that indicates business and personal miles, date and time of travel. If you are claiming actual expenses, the receipts related to the operation of the vehicle are required in addition to the mileage log book.
- Lodging when traveling away from home
- Transportation expenses: taxis, air fare, rental cars while traveling away from home
- Business gifts limited to \$25 per individual
- Telephone: not the expense for the basic charge on your primary phone; can do long distance on primary, secondary line or partial cell phone. Cell phone basic expenses cannot be taken if this is your only phone line
- Office supplies: postage, pens, pencils, maps, calculators, paper folders, tape, envelopes, labels
- Furniture and equipment purchased for a home office
- Tools
- Job hunting expenses
- Professional and union dues
- Legal fees incurred to protect income source
- Copying and printing expenses

- Education and seminars
- Tradeshow expenses
- Uniforms including dry cleaning or laundry costs

**Rental Expenses including but not limited to:**

- Mortgage and home equity loan interest
- Property and school taxes
- Advertising
- Repairs
- Utilities: gas, electric, water and sewer, refuse, cable
- Management, condo or association fees
- Travel: generally, one trip per year if out of state: includes mileage, airfare, lodging and meals
- Local travel at mileage rate: trips to building, pick up supplies, rent to the bank, etc.
- Bank service charges
- Long distance phone calls
- Supplies such as light bulbs, furnace filters, etc.
- Lawn care and snow plowing
- Legal fees for evicting tenants or creating leases

**Stocks, Bonds & Mutual Funds**

If you sold your investment, we need the basis. Basis is the amount paid for the investment. Includes any commissions paid to obtain investment. If you make subsequent purchases, these get added to the basis of the original purchase including the cost of any reinvested dividends. You can elect to use specific identification, first in/first out or average cost when shares were purchased at multiple times to determine your basis.

If you receive an investment as a gift: the basis is whatever the donor paid for the shares when they purchased them. If you receive an investment as an inheritance: the basis is the fair market value at the time of the decedent's death.

## **Self Employed Business Expenses including but not limited to:**

- Advertising and promotional items
- Purchases and cost of goods items. If you sell products, we will need an inventory number – the cost (not selling price) of the items that you still had on hand at the end of the year.
- Professional fees: legal, bookkeeping or accounting fees
- Bank charges including credit card merchant charges
- Telephone, cell phone, fax line, Internet line, pagers, answering service
- Employee expenses: wages, benefits, payroll taxes
- Memberships, dues, professional licenses and subscriptions
- Office supplies such as postage, pens, pencils, paper, folders, tape, etc.
- Cleaning or janitorial services
- Computer supplies: paper, toner, ribbons, etc.
- Repairs and maintenance
- Copying and printing
- Education and seminars
- Equipment leases, rental, repairs
- Travel
- Mileage or actual vehicle expenses: Must maintain a mileage log book that indicates business and personal miles, date and time of travel. If you are claiming actual expenses, the receipts related to the operation of the vehicle are required in addition to the mileage log book.
- Supplies or small tools
- Rent of space or equipment
- Tradeshow expenses
- Utilities: gas, electric, water, sewer, refuse, cable and security system
- Entertainment expenses
- Insurance
- Interest on business loans or business credit cards
- Office-in-the-home expenses if a qualified home office
- Anything incurred that is ordinary and necessary in the course of business