

FINANCIAL PLANNING-INVESTMENT PLANNING



IT'S TAX TIME-PLANNING NOW COULD HELP LOWER YOUR TAXES THIS YEAR

Because tax time will be upon us in a few months, I thought it would be a good idea to devote the next three monthly columns to getting you ready for the coming tax season. Once the year is over with, there is little taxpayers can do to make any adjustments or correct any problems that may have cropped up during the year.

The #1 mistake many taxpayers make is lack of organizing and planning for tax time. This could be costing you hundreds or even thousands of dollars in additional and unnecessary taxes and fines or penalties. My clients often comment what a hassle it is to get their tax information and records together. I thought the solution would be to put together a Tax Deduction Checklist that is easy to understand and use.

TAX DEDUCTION CHECKLIST-PERSONAL EXPENSES

<u>MEDICAL EXPENSES</u>	<u>INTEREST EXPENSE</u>	<u>PROFESSIONAL EXPENSES</u>	<u>INVESTMENT EXPENSES</u>	<u>AUTO EXPENSES</u>
Drugs/Prescriptions/Medicines	1st & 2nd Home Mortgage	Employee Unreimbursed Expenses	Professional Fees:	Total Mileage
Dental	Home Equity Loans	Tax:Prep/Advice/Planning Fees	Accountant	Business Mileage
Doctor	Points-Purchase	Job Agency Placement Expenses	Attorney	Personal Mileage
Health Insurance Premiums	Points-Refinancing	Job Search Expenses	Financial Planner	Gas
Hospital & Clinic Fees	Investment/Margin Interest	Safe Deposit Box Fee	Trustee	Insurance
Long Term Care Insurance	Prepayment Fees	Investment/Custodial Fees	Account Set-Up	Interest
Lab/Tests/Exams/X-Rays	Late Payment Fees	Appraisal Fees	Administrative	License Renewal
Medical Aids-Contacts, Glasses	<u>CHARITY CONTRIBUTIONS</u>	<u>EDUCATION EXPENSES</u>	Collecting Taxable Income	Maintenance
Medical Aids-Hearing Aids	Cash	Class Tuition	Custodial	Parking
Medical Aids-Braces, Crutches	Non-Cash	Books/Supplies	Management	Registration Fee
Medical Equipment	Auto Mileage	Lab Fees	Safe Deposit Box Rental	Repairs
Medical Supplies	Travel Expenses To Volunteer	Student Loan Interest	Computer & Software	Taxes
Nurse Care/Home Health Aide	Out-Of-Pocket Expenses	Teacher/Educator Expenses	Subscriptions	Tolls
Nursing Home/Assisted Living	Prior Year Carryovers	<u>PASSIVE ACTIVITY LOSSES</u>	Travel	Other
Treatments	<u>CASUALTY & THEFT LOSSES</u>	Current Year Losses	<u>HOME OFFICE EXPENSES</u>	Lease Payment
Transportation/Travel/Lodging	Personal Property	Prior Year Carryovers	Insurance	
Auto Mileage	Business Property	<u>OTHER DEDUCTIONS</u>	Mortgage Interest	
Medicare B Insurance Premium	Investment Property	Alimony Paid	Real Estate Taxes	
Stop Smoking Expenses	<u>CAPITAL LOSSES</u>	Archer Medical Savings Account	Repairs & Maintenance	
Other	Current Year	Health Saving Accounts	Utilities	
<u>TAXES</u>	Prior Year Carryovers	Keogh/SEP/Simple Plans	Other	
Income:Local/State/Foreign	Bank Deposit Losses	Penalty for Early Withdrawals	<u>LEGAL EXPENSES</u>	
Real Estate:Local/State/Foreign	Uncollectible Personal Loans	Traditional IRA Contributions	Related To:	
Personal Property: Local/State	Worthless Stocks	<u>TAX CREDITS</u>	Alimony	
Self-Employment	<u>MOVING EXPENSES</u>	Child Tax Credit	Employment	
Personal Residence	Transportation of Goods	Additional Child Tax Credit	Income Producing Property	
Second Residence	Storage/Crating/Packing	Adoption Tax Credit	Investments	
Investment Real Estate	Travel	Child & Dependent Care Tax Credit	Taxes	
<u>LOSSES</u>	Lodging	Earned Income Tax Credit	<u>OTHER EXPENSES</u>	
S Corporation	Insurance	Education Tax Credits	For your specific situation:	
Partnerships or LLCs	Auto Mileage or Expenses	Elderly/Disabled Tax Credit		
Estate or Trusts	Utilities:Connect & Disconnect	Foreign Tax Credit		
Gambling	Parking Fees & Road Tolls	Retirement Contribution Tax Credit		
Rental Real Estate	Other			
Net Operating Losses	Other			

My checklist should do the following for you:

- Help you plan & organize your tax records and information, and make preparing your tax return simple and easy this year
- Help you feel confident you are taking every deduction and credit you are entitled to in every area of your life-family, job, home, investments, retirement, and business
- Save you time, money, and stress preparing your tax return
- Reduce the chance of errors on your tax return
- Help audit proof your tax return by providing written documentation for each deduction and credit you take

Judging from the feedback my clients have given me, they have found the checklist to be a big help getting ready for tax season. I hope you feel the same.

Editors Note: Donald Scherzi is a Certified Public Accountant and a Certified Financial Planner. For questions regarding your finances or investments, call him at 746-1926 or email him at donalddcpa@bellsouth.net. He has been a Heights resident since 1996. You may visit his web site at www.donaldscherzicpa.com for tips, strategies, and news to improve your total financial well-being.