

## TAX PREPARATION CHECKLIST – TAX YEAR 2023


It is necessary to provide the office with the **actual** documentation (W-2s, 1099s, 1098s, etc.) you and all household members receive. **The IRS receives copies of the same documentation and computer matches the numbers with the amounts reported on your tax return.** Information reported to the IRS is mailed to the taxpayer in envelopes clearly marked “Important Tax Documents Enclosed.” Please use the checklist as reference to assemble your documentation.

### INCOME

- ✓ Salary and Wage Income
  - W-2s (bring all copies plus year-end paystub)
  - Tip Income (not reported to employer)
  - Self-employment (1099-NEC, 1099-K, cash)
- ✓ Interest/Dividends
  - 1099-INT (checking/saving accounts, CDs, brokerage)
  - 1099-DIV (Mutual Funds & Stocks plus year-end statements)
- ✓ Additional Income
  - PayPal, Venmo, eBay, 3<sup>rd</sup> party merchant service provider (1099-K)
  - Digital Assets (virtual currency) received as reward, award, or compensation
  - Disability Income (insurance or worker’s compensation) (1099-R, W-2)
  - Unemployment Compensation (1099-G)
  - Refund of state or local income tax (1099-G)
  - Rental Income (gain/loss)
- ✓ Retirement Income
  - Social Security Income (SSA-1099)
  - IRAs, Pensions and Annuities (1099-R, RRB-1099)
  - Veteran’s Pension
- ✓ Investments
  - 1099-B (Stocks, Bonds, Real Estate Sold (gain/loss) plus Confirmation Slips. (Need date acquired/sold, original cost, sale price)
  - Schedule K: Partnership, Trust, Estate Income
- Short-term Rental (Airbnb, VRBO, HomeAway)
- Sharing Economy (Lyft, Uber, TaskRabbit, Poshmark, Kickstarter) (1099-K, 1099-MISC)
- Scholarships & Grants (1098-T, W-2)
- Gambling & Lottery Winnings (W-2G), Fantasy Sports League, Prizes & Awards
- Jury Duty, Election Worker Pay
- Cancellation of Debt (1099-C, 1099-A)

### EXPENSES

- ✓ Interest Expense
  - Mortgage Interest (1098)
  - Student Loan Interest (1098-E)
- ✓ Child & Other Dependent Care Expenses
  - Name and Address of Care Provider
  - Care Giver Federal ID Number or SSN
  - Amount Paid
- ✓ PayPal, Venmo, eBay (1099-K)
  - Detailed breakout of 1099-K reported income: business related income vs fees vs personal transactions that weren’t designated as friends & family (example: friend reimburses you for dinner)
- ✓ College or Post-secondary Education Expenses
  - 1098-T (tuition)
  - 1099-Q (529 plan distribution)
  - Receipts for course materials and textbooks
  - Financial Transcript from the Institution** – must show amount of tuition and fees paid for calendar year ending 2023. A student can access the transcript from their online bursar account.
  - Previous recipient of AOTC for how many years?
- ✓ Taxes Paid
  - Real Estate Taxes (School & Municipal)
  - State & Local Income Tax
  - Estimated Taxes Paid (Federal, State and/or Local including date and amount paid)
- ✓ Medical & Dental Expenses
  - Expense total must exceed 7.5% of AGI to be claimed.**
  - Applies as an itemized deduction, expenses include Medical Insurance Premiums (paid by you), Prescription Drugs, Insulin, Eyeglasses/Contacts, Hearing Aids & Batteries, Doctor/Dental/Orthodontist, Lab Fees, Medical Equip & Supplies, Nursing Care, Medical Therapy, and Long-Term Care Insurance Premiums
- ✓ Charitable Contributions
  - Record keeping is the taxpayer’s responsibility to claim cash and non-cash (clothing, household items, cars, etc.) contributions.
  - For cash contributions less than \$250.00, keep canceled checks or credit card statements. Cash contributions over \$250.00 require an acknowledgement of your contribution from the qualified organization or paystub/W-2 for payroll deductions.
  - For non-cash contributions less than \$250.00, keep receipts showing the charity’s name, location, date, and reasonable description of property donated. Non-cash contributions over \$250.00 require that you must have and retain an acknowledgment of your contribution from the qualified organization.

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## OTHER DEDUCTIONS AND INFORMATION

- ✓ Contributions to a Retirement Account (Traditional IRA or Roth IRA)
  - Must have earned income to contribute.
  - Maximum age restriction eliminated.
- ✓ Health Savings Amount Contribution
  - Contributions to HSA (5498-SA)
  - Distributions from HSA (1099-SA). Distributions must be for qualified medical expenses.
- ✓ Energy Efficient Home Improvement up to \$1,200 annual credit, equal to 30% of sum of qualified expenditures. Call our office to discuss.
- ✓ Clean Vehicle up to \$7,500 credit for new, qualified electric vehicles. Call our office to discuss.
- ✓ 529 Plans
  - Contributions to a 529 Plan for PA State deduction
  - Distributions from a 529 Plan (1099-Q) if used for public, private, or religious elementary or secondary school.
- ✓ Real Estate Sales and/or Purchases: Closing Disclosure/Settlement Sheet
- ✓ Alimony Paid or Received (for divorce decrees 2018 or prior)
- ✓ **Notices you may have received from the IRS, State or Local tax authorities.**
- ✓ Employment Related Expenses
  - Educator Expenses: supplies used as an eligible educator (teacher, teacher's aide, counselor). *Home school expenses do not qualify. Must have receipts: record keeping is the taxpayer's responsibility.*
  - Unreimbursed Expenses for STATE & LOCAL returns only: **expenses must be for actual amount paid; estimates are not allowable.** May include but not limited to: Dues (Union, Professional); Books, Subscriptions, Supplies, Licenses, Tools, Safety Gear, continued: Uniforms, Tuition and Books (work related); Travel and mileage (if not reimbursed for exact amount). Record keeping is the taxpayer's responsibility.
- ✓ Earned Income Tax Credit (EITC) is available to low-income taxpayers who have earned income. The taxpayer's earned income, adjusted gross income (AGI), filing status (MFJ, HOH, QW or single – MFS not eligible), and the number of qualifying children determines the maximum credit available. **Eligibility for the EITC must meet IRS due diligence requirements.** To claim the EITC, you must be able to prove eligibility. We will not prepare a claim for the Earned Income Tax Credit without due diligence attained.

## BUSINESS AND RENTALS

**It is the taxpayer's responsibility to maintain and retain accurate records to provide substantiation for all income and expenses claimed on the return. Actual amounts paid and received must be provided; estimates are not allowed.**

- Income (gross receipts, rent, and sales) in the form of cash, property, or services. (1099-NECs, 1099-MISCs, and 1099-Ks received, as well as cash receipts, check deposits, bank register, invoices)
- PayPal, Venmo, eBay (1099-K) – review for accuracy; compare reported income to your sales register; list business related income vs fees vs personal transactions that weren't designated as friends & family.
- Expenses (ordinary and necessary expenses) summarized by category; must be actual amounts paid; receipts and other supporting documentation to be maintained by the taxpayer or the deduction may be disallowed. (Provide copies of 1099-NECs issued and corresponding, filed 1096)
- Purchases of equipment, furniture, machinery, property, vehicle. (Provide itemized list including receipts, purchase price, date purchased, and date placed in service)
- Sale of property, equipment, furniture, vehicle, etc. (Provide itemized list including receipts, date of sale, date item removed from service (if different), price sold for, original purchase price if not on you depreciation schedule)
- Business use of home (square footage of home and office area) to qualify the area must be **exclusively and regularly used** for conducting business; a portion of expenses such as mortgage interest, insurance, utilities, repairs may be able to be deducted; depreciation rules apply.
- Entertainment and meal expenses: no deduction for entertainment; list separately meals provided by a restaurant versus food & beverage that is not.
- Business vehicle expenses – detailed reporting of business vs personal miles per vehicle is required; **reference your vehicle mileage logs** and provide a breakdown of total miles driven for the year vs miles driven for business purposes. If using the actual expense method, miles driven are still required and reported as well as receipts for all vehicle expenses itemized by vehicle.
- Recordkeeping and supporting documents for businesses and/or rental properties be maintained by the taxpayer. In the eyes of the IRS, "the burden of proof" is on the taxpayer. Sales slips, paid bills, mileage logs, registers, bank statements, month-end, and year-end reports (to name a few) provide substantiation of deductions.