



LIFE KEEPING,  
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## Taking the Panic Out of Preparing for Tax Season

### A Simple Approach

- Plan Ahead
  - Know what tax related income and expenditures you have
  - Keep records of tax-related expenditures by hand, or on your computer, categorizing them as you go along - charitable contributions, medical expenses, business-related expenses, etc.
  - If you have any income that is not managed by a company that prepares year-end tax documents (W-2, K-1, 1099, etc.) then keep a record of income for yourself, such as rent from a rental property or tax refunds
  - Create folders: "Personal Tax Prep", "Business Tax Prep" (if you have a business), and "Property Tax Prep" (if you have property).
  - Into each folder put ONLY the documents you will need in order to fill out the Tax Organizer or to back up tax returns should you get audited
  - During the year, the Personal Tax Prep folder would collect
    - Thank you letters for charitable contributions
    - If you can deduct medical expenses
      - Medical, dental, prescription, and eyeglasses receipts
      - Receipts for trips to doctors/dentists
      - Medical insurance premiums paid, long term care insurance paid
      - Medical reimbursements received from insurance companies
    - Tax refunds
  - In the beginning of the New Year, add tax reports showing income and expenses
    - 1099s as they come in from banks, Social Security, and pensions, brokerage firms, mortgage companies, etc.
    - W-2s from place of employment
    - K-1s from trusts, partnerships, etc.
- Prepare Your Tax Organizer Booklet
  - Review your records and find the sum amount for each category. A computer program like Quicken can make year end organizing much easier.
  - Look at your Tax Organizer - last year's numbers are in one column as a guide. Now, page by page, begin to collect the documents you will need to fill in the amounts in the column for the current year. If you have a stock portfolio with a bank or brokerage firm, stock sales do not have to be copied into the Tax Organizer – you can reference the year end information in the bank's 1099. Just make sure that the document shows the cost of stocks when purchased and the price received when sold, so your accountant can calculate the capital gains.
- If Your Accountant Doesn't Use A Tax Organizer Booklet

Following a system similar to that described above will make it easier for you to prepare your tax records and will allow your accountant to complete your return in a more timely manner.

NEW YORK: 136 Madison Avenue, 6<sup>th</sup> Floor, New York, NY 10016 T: (212) 987-1427  
CALIFORNIA: 711 East Walnut St., Ste. 108, Pasadena, CA 91101 T: (626) 395-7572  
[www.eddyandschein.com](http://www.eddyandschein.com)