



TAX PREPARATION CHECK LIST

TAX PREPARATION OVERVIEW

Effective tax preparation is not a once-a-year event but a **year-round strategy** that maximizes deductions, minimizes liabilities, and prevents costly mistakes. Waiting until tax season to gather documents is ineffective because, by then, it's **too late to implement tax-saving strategies**. Proactive planning throughout the year allows individuals and businesses to optimize deductions, manage taxable income, and stay compliant with tax laws. This approach helps avoid unexpected liabilities and increases the potential for higher refunds.

Equally important is **proper record-keeping**, which serves as the foundation for smooth tax preparation. Tracking income and expenses, keeping receipts, and maintaining organized tax documents prevent errors, missed deductions, and audit risks. When financial records are well-organized, tax professionals can accurately assess a client's situation and apply the best tax strategies. Ultimately, **year-round planning and meticulous record-keeping help reduce tax liabilities and maximize potential refunds**.

Year-Round Tax Planning: The Key to Reducing Tax Liabilities & Maximizing Refunds

SMG CONSULTING GROUP TAX PREPARATION LIST

PERSONAL INFORMATION

- Your social Security Number and Date of Birth
- Your spouse's full name, social security number and date of birth
- Provide primary email address for tax return.

DEPENDENT(S) INFORMATION

- Dates of Birth and social security number
- Childcare records (including the provider's Tax ID number)
- Income of other adults in your home

SOURCES OF INCOME

- Employed – W-2's
- Unemployed – unemployment income, State tax refund (Form 1099-G)

Self Employed – Independent Contractors (See Notes Below)*

- Form(s) 1099-Misc
- Schedule K-1
- Income reports and/or records to verify income amounts not reported on 1099s
- Summary reports of income and expenses*
- Assets for Business Use (Cost, date placed in service, etc) for depreciation
- Office in home information, if applicable*
- Record of estimated tax payments made (Form 1040ES)

Rental Income (See Notes Below)*

- Summary report of income and expenses
- Rental Asset information (Cost, date placed in service, etc) for depreciation
- Record of estimated tax payments (Form 1040ES)

Retirement Income

- Pension – IRA – Annuity Income (1099-R)
- Traditional IRA basis (ie amounts you contributed to the IRA that were already taxed)
- Social Security – RRB income (1099-SSA, RRB-1099)

SOURCES OF INCOME CONTINUES

Savings & Investments or Dividends

- Interest, dividend income (1099-INT, 1099 – OID, 1099-DIV)
- Income from sales or Stock or other property (1099-B, 1099-S)
- Dates of acquisition and records of your cost or other basis in property you sold
- Health Savings account and long-term care reimbursements (1099-SA or 1099 – LTC)
- Expenses related to your investments
- Record of estimated tax payments made (Form 1040ES)

Other Income & Losses

- Gambling Income (W-2G or records showing income, as well as expense records)
- Jury Duty Records
- Hobby Income and expenses
- Prize and Awards
- Trusts
- Royalty Income 1099 – Misc
- Any other 1099's received
- Record of Alimony paid/received with Ex-Spouse's name and SSN

TYPES OF DEDUCTIONS

Home Ownership

- Forms 1098 or other mortgage interest statements
- Real Estate and personal property tax records
- Receipts for energy-saving home improvements
- All other 1098 series forms, if applicable

Charitable Donations (See Notes Below)*

- Cash amounts donated to houses of worship, schools, other charitable organizations
- Records of non-cash charitable donations*
- Amount of miles driven for charitable or medical purposes

Medical Expenses

- Amounts paid for healthcare insurance
- Payments made for doctors, dentists, and hospital visits

TYPES OF DEDUCTIONS CONTINUES

Health Insurance

- 1095-A if you enrolled in an insurance plan through the Marketplace (Exchange)
- Form 1095-B and/or 1095-C if you had insurance coverage through any other source (i.e. an employer, insurance company, government health plan such as Medicare, Medicaid)
- Marketplace exemption certificate (ECN) if you applied for and received an exemption from the marketplace (Exchange)

Childcare Expenses

- Fees paid to a licensed daycare center or family day care for an infant or preschooler
- Wages paid to a baby-sitter
- **Don't include expenses paid through a flexible spending account at work**

Educational Expenses

- Form 1098-T from educational institutions
- Reports and/or forms that itemize qualified educational expenses
- Records of any scholarships or fellowships you received
- Form 1098-E if you paid student loan interest

Job Expenses & Tax Prep Fees

- Employment related vehicle expenses (tolls, mileage, gas, etc)
- Report and/or forms for classroom expenses (for educators in grades K-12)
- Employment related expenses (dues, publications, tools, uniform cost and cleaning)
- Job-hunting expenses
- Record of moving expenses not reimbursed by employer (move must be over 50 miles)
- Amount paid for preparation of last year's tax return

State & Local Taxes or Sales Taxes

- Amount of state/local income tax paid (other than wage withholding), or amount of State and local sales taxes paid.
- Receipt and/or invoice showing amount of vehicle sales taxes paid

TYPES OF DEDUCTIONS CONTINUES

Retirement & Other Savings

- Form 5498-SA showing HSA contributions
- Form 5498 showing IRA contributions
- All other 5498 series forms (5498-QA, 5498-ESA)

Federal Declared Disaster

- City/County you lived and/or worked in which you had property in
- Records to support property losses (appraisal, clean up cost, etc.)
- Records of rebuilding and/or repair cost
- Insurance reimbursements and/or claims to be paid
- FEMA Assistance information
- Check FEMA site to see if my county has been declared a federal disaster area

* CHARITABLE DONATION NOTES

For the purpose of reporting charitable contributions for tax preparation, SMG Consulting Group only needs a summary report of the total of donations made throughout the year. An excel report is the most preferable form of the report, which can list each organization and the specific amount donated to that organization.

Additionally, for non-cash donations (clothes, furniture, etc), please provide a detail list of the items donated, such as women jacket, men shirt, children pants, etc. This will allow SMG Consulting Group to properly add the value of the items to the donated items. Just providing SMG with an explanation of “3 Bags of Clothes” will not be an acceptable practice.

In the event that SMG Consulting Group must compile and/or prepare the income and expense summary report, the client/taxpayer shall incur an additional fee in addition to the tax preparation fee.

It is solely the responsibility of the client/taxpayer to retain all records and/or documentation of the income and expenses associated with the reports provided to SMG Consulting Group to be used for the preparation of the tax returns.

*** SELF-EMPLOYED & INDEPENDENT CONTRACTORS NOTES**

For the purpose of business tax preparation, SMG Consulting Group only needs a summary report of the total of income and expenses associated with the self-employed and/or independent contractor work. An excel report is the most preferable form of the report.

In the event that SMG Consulting Group must compile and/or prepare the income and expense summary report, the client/taxpayer shall incur an additional fee in addition to the tax preparation fee.

It is solely the responsibility of the client/taxpayer to retain all records and/or documentation of the income and expenses associated with the reports provided to SMG Consulting Group to be used for the preparation of the tax returns.

Deductible Business Expenses

- Accounting
- Advertising
- Bank Charges
- Bookkeeping Fees
- Books/Resource material
- Cable Bill – if applicable
- Computer on line services
- Computer Supplies
- Continuing Education Courses
- Copying Charges
- Delivery Fees
- Equipment Purchased
- Equipment Rental
- Fax Charges
- Gifts
- Insurance
- Interest
- Legal Fees
- Licenses
- Utilities
- Meals & Entertainment
- Miscellaneous
- Office Rent
- Office Supplies
- Other office expense
- Postage
- Printing
- Profit Sharing/ Retirement Plans
- Taxes on Business Equipment
- Repairs maintenance
- Seminars
- Software
- Start-up Cost
- Stationary Cost
- Subscriptions
- Telephone- Cellular
- Telephone- Office/Regular
- Temporary Help
- Travel – Business Car Mileage
- Wages – Independent Contractors

Business Used Assets – Business used assets are computers, cell phones, printers, etc. Please provide the date you purchased the item and the cost. If the asset is used for personal use as well, please provide your best guess on the percentage of the asset used for business strictly for business purposes.

Business Use of Home – There must be one room exclusively used for business purposes. If applicable, you must provide SMG Consulting Group with the total square footage of the home and then the square footage of the room used exclusively for business purposes.

* RENTAL INCOME NOTES

For the purpose of reporting rental income activity, SMG Consulting Group only needs a summary report of the total of income and expenses associated with the rental property(s). An excel report is the most preferable form of the report.

In the event that SMG Consulting Group must compile and/or prepare the income and expense summary report, the client/taxpayer shall incur an additional fee in addition to the tax preparation fee.

It is solely the responsibility of the client/taxpayer to retain all records and/or documentation of the income and expenses associated with the reports provided to SMG Consulting Group to be used for the preparation of the tax returns.

Related Rental Income Expenses

- Advertising
- Auto & Travel Expenses
- Cleaning & Maintenance
- Commissions
- Insurance
- Legal & Professional fees
- Management Fees
- Meals & Entertainment
- Mortgage Interest
- Other Interest
- Repairs
- Supplies
- Taxes
- Utilities
- Depreciation
- Other Expenses

Capital Improvement expenses – These expenses is performed to boost an assets condition beyond its original or current state. Capital improvement expenses will not be record as an operating expense on the tax return. However, it will be added to the cost of the asset and depreciated over its applicable life span.

Repairs – Repairs are expenses that are generally \$5,000 of less that are associated with the asset. Repairs will be recorded as an expense on the tax return. Despite an expense being less than the \$5,000 benchmark, some repairs may fall under the Capital Improvement category. Yet, each repair will be analyzed on a case by case basis to ensure that it's properly reported on the tax return.

Always provide the Purchase price of the property (asset), the date you placed the property into services for rental income, and any capital improvements you have made since the purchase of the property.

LET'S WORK TOGETHER

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