

Beginning of Year Must-Do's

Want to save taxes? Here are some practical things you can do to help ensure that your tax bill is the absolute lowest it can be!

1. Gather together your records. You'll need checkbooks, credit cards bills and receipts. Remember that for any tax deductible item under \$75 other than business lodging, you are not required to have a receipt, if you can prove the expenditure through some other written record. (such as a check, credit card bill, etc)

2. Review your checkbooks carefully. Go through the entries, line by line and look for tax deductible things. Be especially on the alert for checks to the state, property taxes, charitable contributions, health insurance, medical expenses, daycare costs and business related expenditures. You don't need to track your mortgage payments, since you will receive a 1098 showing interest, and possibly property taxes paid.

3. Start a tally of deductible items. A letter sized pad will do. Divide the page into four or six boxes into which you can summarize expenses by category. You may need several sheets. Here are some common categories:

Medical expenses	Health insurance
Real estate taxes	Car/boat trailer taxes
State income tax	Federal estimated tax
Charity	Child care
Alimony	Investment costs
Tax preparation fees	Legal related to income
Job hunting costs	Business expenses

If you have more than just a few kinds of business expenses, it's a good idea to have multiple categories. Here's a short (and incomplete) list:

Books/Publications	Briefcase
Cell phone for work	Computer for work
Business gifts	Calendar/organizer
Business meals	Business travel
Dues/Memberships	Educational
Internet –work related	Professional fees
Safety equipment	Software for work
Supplies for work	Tools for work
Uniforms	Uniform cleaning
Union dues	Work use home phone

If you have rental property, or your own business, you'll need additional sheets. Note each expense on your worksheet, including a brief description, the

check number, and amount. (or put them on a computer spreadsheet.)

4. Go through your credit card bills. Use a highlighter to identify deductible expenditures. Then add these to your lists using a code for each expenditure that tells the source (for example: "FNB 03" for First National Bank Visa March statement, or "CIT 11" for CitiBank November statement.) That way, you can always get back to the original information if needed.

5. Sift through your receipts. Add items to your lists which you have not already noted. Use a code like "C 0426" to show it was a cash expenditure on April 26th.

6. Review your calendar/dayplanner and add items you may have missed. For example, if you took your boss to lunch and discussed a project on July 2nd, be sure you have an entry for that in your worksheet. Look for medical appointments, etc. This way, you ensure that a wayward tax deduction doesn't escape!

7. Summarize your worksheets, and you have only one more step to lowering your taxes.

8. Find the right tax preparer to complete the task. Look for a CPA who enjoys helping his/her clients pay the absolute lowest tax, one who will take a personal interest digging for tax deductions and finding tax-saving strategies, avoid the impersonal tax prep chains and steer clear of unlicensed preparers. Get a CPA with the right credentials and approach. January is the perfect time to find the right one for you.

If you feel like your accountant works for the IRS instead of for you: Call Us!

About the Author

May Jackson Hendrick, LLC is a local CPA firm whose office is in Parker, Colorado. This firm focuses on the tax issues faced by individuals and businesses. The firm has over 17 years of experience in taxes. Their clients include people from all walks of life, from employees of large companies to business owners, investors and retirees. **For more information, call May Jackson Hendrick, LLC at 303-841-4220, or visit www.mjhcpcas.com.**

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