

## ***Information Release: Meeting With Your Tax Professional***

The importance of meeting with a qualified tax professional

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#### *What to bring to the annual appointment*

With the filing season quickly approaching, it is important to contact a tax professional early to schedule either an in-person or virtual appointment. Tax returns can be done more accurately and in a shorter period of time if the taxpayer provides all the information during the initial appointment.

Taxpayers should start preparing early for the tax appointment by compiling a list of documents they expect to receive based on last year's tax return, statements, and forms and this tax year's activities. This year, if possible, taxpayers should provide a copy of their Notice 1444 and Notice 1444-B. These notices list the amount they received as a stimulus payment(s) and when the payment was deposited into their account.

Call the tax preparer with any questions about the necessary documents needed. When the documents start coming in the mail or electronically (usually around the end of January), mark them off the list and put them in a tax folder to stay organized.

If employed, the taxpayer will need to include their W-2(s). If they received income from interest, dividends, pensions, self-employment, government payments or the sale of property, they should receive a Form 1099. It is helpful to provide the actual statements to the preparer. Remember that not all forms look alike. Furthermore, issuers can create their own substitute 1099s that may look entirely different than the official IRS 1099s. Somewhere on the envelope, on the form, or in the email, it must clearly state it is an important tax document. Also, the taxpayer should not forget to include any Schedule K-1s they receive from a partnership, an S corporation, a trust, or an estate. If the

taxpayer had any income that is not reported on the forms listed above, it's important to make a note for the tax preparer to include it.

If stock was sold during the year, the taxpayer should receive a 1099-B as described above that includes the gross proceeds. However, the price paid for the stock or the cost basis may not be listed on the 1099-B. Generally, the cost basis is the purchase price of the stock. If the stock was received as a gift or inheritance, other means of determining the cost will be necessary. For every stock sold, provide the basis for the tax professional to calculate the net gain/loss.

If a taxpayer owns a home, they might be able to itemize deductions. Each year provide the property tax bill and the mortgage interest statement to the tax preparer. Medical expenses are deductible if they exceed 7.5 percent of the adjusted gross income (AGI). Applicable medical expenses include prescription drugs, doctor, dental, hospital bills, medical insurance premiums not paid on a pre-tax basis through the taxpayer's employer, and the mileage to and from the doctor's office.

Charitable contributions are a good source of deductions. Contributions can be cash, property, or out-of-pocket expenses paid to do volunteer work. If the taxpayer drove to and from the volunteer work, they can take the actual cost of gas and oil or use the standard rate of 14 cents per mile. For those taxpayers who do not itemize deductions, they can claim an above-the-line deduction of up to \$300 for cash contributions made during 2020 to a qualified charitable organization. The taxpayer will need a receipt for any donation they claim.

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