

End of Year (EOY) Tax Planning – Data Needs

Prepare for YE tax planning in much the same way you would prepare for tax return preparation. We prefer to receive data on or before 12/15 so we have time to do the analysis, discuss the results, and execute the YE plan.

For each entity or small business (including proprietorships and rental properties) that you operate:

If you maintain a set of books on a checkbook platform [e.g. My Money, or Qwicken] or an accounting system [Quickbooks, Sage, Dynamics] print to pdf: 1) Your Year to Date Income Statement [sometimes called a Profit and Loss Statement]; 2) Your Balance Sheet as of today's date; and 3) Your Year to Date General Ledger or Account Detail Statement [Please sure it prints only one page width per entry. Otherwise, we have to keep flitting around a printout that has e.g. 1/3 of each entry per page. That's a real pain!]. Then all you have to do is estimate amounts for the rest of the year (in the same format as your income statement).

Otherwise:

- Estimate your YTD Income (Gross receipts, Gross rentals). If you do business in more than one state, summarize income by state, and let us know if there was withholding in any of those states.
- Estimate how much income you will realize and how much will be withheld between the date of your summary and EOY.
- Summarize your YTD business expenses/cash out (By expense category, be sure to break out Pension Funding, Meals, Entertainment, Equipment Purchases, and Interest paid). You may add or alter expense categories as you see fit.
- Estimate your business expenses/cash out between the date of your summary and EOY.
- If you use your personal auto for business purposes, Estimate the number of miles you drove (or will drive) FOR BUSINESS during the year (include the rest of the year in the estimate)
- If you use a portion of your home EXCLUSIVELY FOR BUSINESS, estimate the number of square feet used and the number of square feet in the property.
- Summarize (total) all non-wage/non-reimbursement distributions or advances you made to yourself from the entity during the year.
- If you have already issued yourself payroll, a copy of the most recent check stub (showing YTD withholding).
- If you will be issuing payroll between the date of the check stub and EOY, give me an estimate of how much.
- Enter the YTD and Estimate in the Personal Wages and Salaries Page as well as on the business summary.
- If you have made estimated tax payments for the entity, How much and when.
- If you anticipate making any more estimated tax payments, How much and when.
- ***If you incur any unreimbursed business expenses in connection with the entity – Reimburse yourself now!*** [And include them in your expense summary, above.] Unreimbursed Employee Business Expenses are no longer deductible on your personal return.

For your personal income and deductions (If married, do this for both you and your spouse):

- Tell us if there has been a change in your family structure: Birth, death, marriage, divorce, children who have moved out, etc.

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- Summarize your year to date earnings and withholdings from each of your employers (people who will give you a W2 from).
- If you will receive significant income from any employer between now and YE, estimate the amount and the withholdings.
- Summarize your expected earnings (distributions) and withholding from Pensions, IRAs, Social Security, Unemployment, etc.
- Summarize your expected earnings and withholding from taxable Dividends, Interest, Royalties, etc.
- Summarize, if possible, your realized gains or losses from sales of portfolio assets (We may need to talk you through this process).
- Summarize your expected deductible expenses for Educator Expenses, Health Service Accounts, IRAs, SEPs, Student Loan Interest, etc.
- Summarize your payments for health insurance coverage. If you receive subsidies summarize those too. State whether each member of your household had insurance coverage for all or part of the year (# of months covered)
- Estimate and summarize: Total Medical Expense (not including health insurance or payments made from an HSA), Property Tax, State Income Tax estimates paid, Vehicle Registrations, Mortgage Interest Paid, and Charitable Contributions.
- If you bought eco-friendly autos, or made eco-friendly upgrades to your home (solar, wind, energy efficient systems) describe them and tell us how much they cost.
- If you paid tuition for post-secondary school, Summarize the amounts paid for tuition, books and course materials. Who were they incurred for?

For each entity or small business and for yourselves, please answer the following questions:

- Do you have any interests in off-shore (foreign) financial accounts (bank accounts, investment accounts, etc.)
- If yes, Describe them. What is the value of each account.
- Do you own any interests in off-shore (foreign) companies that are not regularly traded on US stock markets.
- If yes, Describe them. What is the value of each account.
- Do you (or any of the entities or small businesses) make extensive purchases via the internet that do not have sales tax withheld by the vendor.
- If yes, Approximate amount during the year.

Design your own worksheet or use ours (attached). If we did your returns last year, feel free to say something like “About the same as last year;” in answer to any or all of these questions, if that statement applies. Remember, however, the better the data the better the estimate. To avoid penalties, the tax estimate must be in the range 90-110% (depending on your income level) of the amount that eventually appears on your tax return.

Call us when you are ready to start your planning process.