

## CMR Associates - Client Packet

This organizer can be accessed on our website and is also stored in your shared drive.

You may not need to complete every page (or any) of this form, if we already have the information on file. However, this form has lots of information that might help, so please consider reading the whole thing.

We also provide a more consolidated checklist that addressess your specific tax forms based on your prior year return.

### **What's in this form/packet?**

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Thank you for trusting us with your taxes!

## 1. Connecting with CMR Tax

### Making it Easy to Connect

Thank you for trusting us with your taxes. We continuously strive to utilize technology to help make the tax return process as painless as possible. Please feel free to use any and all of these options. However, we believe it will be easier for everyone if you only use one method for providing your tax information/documents.

### Google Drive

If you have a Google Account, we can share your Google Drive with you. This drive will include all of your historical tax documents in folders organized by tax year. There is already a folder for your 2020 information that includes your organizer and checklist. If you don't currently have access, please email [office@cmrtax.com](mailto:office@cmrtax.com) so that we can invite you to collaborate.

### Intuit Link

Our tax software has an online portal that allows for you to upload your documents directly to our tax software. This portal requires you to create an Intuit account. You will receive an email with instructions on how to use this portal.

### Paper Drop-Off

You can continue to utilize both Northshore office locations for dropping off your tax documents in person. If you plan to have an in-person or virtual office meeting, we ask that you drop off your tax documents at least two weeks prior to your desired meeting date so that we are able to review and compile information prior to our meeting.

#### **Covington Office**

207 E. Gibson St.  
Covington, Louisiana 70433

#### **Mandeville Office**

1070 W Causeway Approach B  
Mandeville, LA 70471

### US Postal Service

You can mail your tax documents to us at the following address:

#### **CMR Associates, LLC**

207 E. Gibson St.  
Covington, Louisiana 70433

### Email

You can email your tax documents to [office@cmrtax.com](mailto:office@cmrtax.com).

Please make sure your full name is included in the email to ensure no errors in filing.

### Video Conference - Preferred Meeting Method

Please use the following link to schedule your video conference: [cmrtax.setmore.com](https://cmrtax.setmore.com)

### In Office Meeting

Please use the following link to schedule your in office meeting: [cmrtax.setmore.com](https://cmrtax.setmore.com)



**Thanks Again!**

-Charles

## 2. Basic Stuff For New Clients

Before we can keep going, there are some important things we need to get from you!  
Please answer these questions and provide the requested information ASAP!

### Individuals

If you are a new client, we need two years of prior tax returns. Please provide.

Are you current on all your tax obligations? If not, please explain.      Yes    No    NA

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Have you received a letter or notice from the IRS within the last two years?

Please provide a copy the drivers license for you (and your spouse).

### Businesses

Please provide the Articles of Organization.

Please provide the IRS letter indicating your tax ID.

Please provide any operating agreements that might exist.

### 3. Contact Info Worksheet

Please use this worksheet to give us basic contact information for preparation of your tax returns.

**For returning clients, only included changes in information.**

#### Taxpayer

Legal Name		Occupation	
Social Security Number		Date of Birth	
Cell Phone		Work Phone	
Primary Email			
Secondary Email			

*\*Driver's license information is now required to electronically file your tax returns. If this information is not provided with your tax returns, some states might withhold tax refunds for several weeks while they process a secondary review.*

Drivers' License Number*		Issuing State	
Issued Date		Expiration Date	

*\* This is an 8-10 digit combination of letters and numbers and is usually on the bottom right hand corner of the back of the license*

#### Spouse (if applicable)

If you are not married, then you can skip this section. However, if you are married and intend to file "married filing separately" we need this information.

Legal Name		Occupation	
Social Security Number		Date of Birth	
Cell Phone		Work Phone	
Primary Email			
Secondary Email			
Drivers' License Number*		Issuing State	
Issued Date		Expiration Date	

#### IRS Mailing Address

Street Address	
City, State and Zip	
Country (if not USA)	

#### Physical Address (if different than mailing address)

Street Address	
City, State and Zip	
Country (if not USA)	

#### Banking

Name of Bank		Account Type	
Routing Number		Account Number	

## 4. Dependent Information

Please use this worksheet to give us dependent information for preparation of your tax returns.

**For returning clients, only included changes in information.**

Your Name	
Tax Year	

### Dependents

Children who live at your home yet file their own tax returns can create problems if each tax return is not handled properly. For example, if the child claims themselves as a dependent on their own tax return, and you attempt to do the same your tax return will be rejected. However, there might be money left on the table so-to speak. If your child claims themselves as a dependent, it might not change their tax consequence depending on their income. Yet, this same dependent on your tax return might have a huge impact on your tax consequence we can provide exact figures for either scenario allowing you to make an informed decision.

**If your contact information has not changed, please proceed to the next section.**

#### **Dependent #1**

Full Legal Name				SSN		
Relationship to You		DOB		Months Living At Home		

#### **Dependent #2**

Full Legal Name				SSN		
Relationship to You		DOB		Months Living At Home		

#### **Dependent #3**

Full Legal Name				SSN		
Relationship to You		DOB		Months Living At Home		

#### **Dependent #4**

Full Legal Name				SSN		
Relationship to You		DOB		Months Living At Home		

#### **Dependent #5**

Full Legal Name				SSN		
Relationship to You		DOB		Months Living At Home		

### Full-Time Student

Are any children above attending college as a full-time student as determined by the school? If so, which ones?

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### Dependents Over Age of 15

Are any of your dependents required to file a tax return? Did any dependent earn income or receive a W-2 last year? Do you provide less than 50% of any dependent's financial support? If so, please explain

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## 5. Business Set Up Worksheet

Please use this worksheet to give us business set up and housekeeping details, plus critical supplemental information for preparation of your tax returns.

Your Name

Tax Year

### Who Should Use This Worksheet

This is the Small Business Set Up Worksheet. To keep cumbersome housekeeping tasks to a minimum, we created this form for two scenarios

#### New Client

If you are new to us then this form allows us to set up your business properly in our systems such as name, IRS activity code, ownership structure etc. Sure, we can use last year's tax returns, but some things are not available or might not accurately represent today.

#### Changes From Last Year

If any of the following things have changed during 2021 as compared to 2020?

Business name or address has changed.

Primary business activity or profession (what do you do?) has changed.

Primary business activity or profession (what do you do?) has changed.

Ownership percentages change, or new or exiting owners.

Structure or entity changes (S Corp Election, going from Sole Prop to LLC, multi-entity arrangements, etc.).

### Basic Business Info

Business Name

Business Address, City, State, Zip

Business Activity (what do you do?)

Date Operations Started

IRS Business Activity Code?

Number of owners

Note- This information can be found at [www.naics.com](http://www.naics.com) if necessary. The IRS activity code is important for reporting on your tax returns. This allows the IRS to assess your income and expense ratios against other companies in your industry. For example, realtors will have higher mileage deductions than retailers.

### Banking

Name of Bank

Routing Number

Why do we need this? Several states only accept business tax payments electronically, such as franchise taxes or pleasure to do business in our state tax.

### Business Startup

Did your business start operations in 2021? If so, please answer the following questions.

Did you use personal funds to pay for business expenses? If so, please describe below including dates and amounts.

Did you transfer any equipment, tools, computers, office furniture, etc. from personal use to business use? If so, please describe below, including fair market values at time of transfer.

Entity Type:	Sole Prop	LLC	Multi Member LLC	C Corporation	Professional Corporation
	Other				
Entity Formation Date (approx., or NA)					
Employer Identification Number (EIN)					
S Corp Election:	Yes	No			
S Corp Effective Date, or NA					

### Owners

List all persons or entities who had an ownership interest in this business entity at any time during 2021. Your spouse is considered a separate owner unless you live in a community property state (but list him or her separately anyway please)

#### Owner #1

Full Legal Name of Owner			
Address, City, State, Zip			
Email		Phone	
SSN or EIN		Ownership %	
Date Ownership Began		Date Ownership Ended (or NA)	

If this owner's interest / ownership started or ended in 2021, please explain more-

#### Owner #2

Full Legal Name of Owner			
Address, City, State, Zip			
Email		Phone	
SSN or EIN		Ownership %	
Date Ownership Began		Date Ownership Ended (or NA)	

If this owner's interest / ownership started or ended in 2021, please explain more-

#### Owner #3

Full Legal Name of Owner			
Address, City, State, Zip			
Email		Phone	
SSN or EIN		Ownership %	
Date Ownership Began		Date Ownership Ended (or NA)	

If this owner's interest / ownership started or ended in 2021, please explain more-

### Structure / Ownership Arrangement

When reporting structure and ownership arrangements to us, here are some considerations-

Have owners or ownership percentages changed?

Are there multiple owners or partners in your business? Your spouse will count as a partner if they have any ownership interests in the business as well.

Are profit splits different than ownership splits? For example, you and your partner are 50-50 owners but split profits based on production (e.g., eat what you kill).

Do you have a multi-entity structure such as a partnership with each partner / member operating a separate S Corp?

Has ownership changed since last year? If so, or if the business entity started in 2021, please describe the changes in ownership including names, dates and ownership percentages.

Does this business own other businesses, or is this business owned by another business? If so, please explain.

Has the entity structure changed since last year? If so, or if the business entity started in 2021, please describe the changes in ownership including names, dates and ownership percentages.

Do profit splits among owners differ from ownership percentages (i.e., 50-50 partners, but profit split based on production)? If so, please explain.

Do the owner(s) live in the same state as the business? If not, please explain.

Anything else that you need to tell us about this business entity, its owner(s), arrangements, structure, etc.?



## 6. General Questionnaire

Your Name

Tax Year

### Personal Information

- |  |     |    |    |
|--|-----|----|----|
| 1. Did your address change?  | Yes | No | NA |
| 2. Did your marital status change?   | Yes | No | NA |
| 3. Can you be claimed as a dependent by another taxpayer?  | Yes | No | NA |
| 4. Did you change any bank accounts for direct deposits?   | Yes | No | NA |
| 5. Did you pay or receive alimony or spousal maintenance?  | Yes | No | NA |
| 6. Did you have income or investment interest in a state other than your resident state?                         | Yes | No | NA |
| 7. Are there any life events such as separation, divorce, marriage, new children, adoptions and / or disability? | Yes | No | NA |

If you answered Yes to any of these questions, please list the question number and explain

### Dependent Information

- |   |     |    |    |
|---|-----|----|----|
| 1. Were there any changes in dependents from the prior year?                                  | Yes | No | NA |
| 2. Do you alternate dependents with an ex-spouse for tax purposes?                            | Yes | No | NA |
| 3. Did any of your children have investment income?   | Yes | No | NA |
| 4. Do you have dependents who have or will file a tax return?                                 | Yes | No | NA |
| 5. Did you provide support for any dependents besides your children?                          | Yes | No | NA |
| 6. Did you pay for child care while you worked or looked for work, or as a full-time student? | Yes | No | NA |

If you answered Yes to any of these questions, please list the question number and explain-

### Retirement

- |  |     |    |    |
|--|-----|----|----|
| 1. Did you make or intend to make by April 15 2022 any IRA or Roth IRA contributions for 2021*?          | Yes | No | NA |
| 2. Did you convert any IRAs into Roth IRAs (backdoor conversion)?  | Yes | No | NA |
| 3. Did you make any Keogh, SIMPLE, SEP or 401k contributions thru your business?                         | Yes | No | NA |
| 4. Did you make any withdrawals from a 401k, 403b or IRA under the favorable treatment of the CARES Act? | Yes | No | NA |

If you answered Yes to any of these questions, please list the question number and explain-

We will provide IRA tax deferral savings plus max Roth IRA amounts when we send your tax returns to you for your review.

### Itemized Deduction Information

- |  |     |    |    |
|--|-----|----|----|
| 1. Did you incur a casualty or theft loss (fire, flood)? | Yes | No | NA |
|--|-----|----|----|

2. Did you work away from your resident city or state for part of the year?	Yes	No	NA
3. Did you make any major purchases during the year (cars, boats, spaceships, etc.)?	Yes	No	NA
4. Did you make any out of state purchases and not pay sales tax?	Yes	No	NA
5. Did you pay additional income taxes last year (like a local income tax)?	Yes	No	NA
6. Did you pay your property taxes early?	Yes	No	NA
7. Are you a renter (potential state renters' credits)?	Yes	No	NA
8. Did you have to purchase Personal Protective Equipment (PPE)?	Yes	No	NA

If you answered Yes to any of these questions, please list the question number and explain-

### Medical

1. Did you use HSA or FSA (flex spending) funds to pay for medical expenses?	Yes	No	NA
2. Did you use an HRA reimbursement or any other reimbursement program for medical expenses?	Yes	No	NA
3. Did you use any IRA funds to pay for medical expenses?	Yes	No	NA
4. Did you pay long-term health care premiums for yourself or your family?	Yes	No	NA
5. Did you pay any COBRA health care coverage continuation premiums?	Yes	No	NA
6. Did you pay for the care of someone else (for example, parents)?	Yes	No	NA
7. Did you withdraw money from a retirement account to pay for birth or adoption medical expenses?	Yes	No	NA

If you answered Yes to any of these questions, please list the question number and explain

### Affordable Care Act

The Affordable Care Act aka ACA aka Obamacare has unique tax consequences that we must address.

If you are expatriate (or expat for short), you are NOT required to follow ACA compliance. You may ignore this.

Form 1095 is used to report your health insurance coverage, and it has three sources:

1095-A Marketplace	Mailed around January 31
1095-B Private Insurance	Mailed around March 1
1095-C Employer Sponsored (for plans over 50 full-time employees)	Mailed around March 1

Regardless of having full-year coverage, we need copies of any Form 1095 that you receive; big mess otherwise.

Please describe the health insurance coverage that you AND your family had, and the periods of time that you had it. For example, you had a job from Jan thru Apr with company sponsored insurance, used COBRA for May, and then purchased private insurance for Jun thru Dec.

Does anyone in your family qualify for an exemption from the health care coverage mandate? If so, please describe below-

While the ACA penalty from the IRS no longer applies federally, many states still have a mandate and will assess a penalty for lack of coverage. Were there any periods of time in 2021 where you were NOT covered by health insurance? If so, please describe below:

#### Education

1. Did you pay any student loan interest?	Yes	No	NA
2. Did you or a dependent have any tuition or school-related expenses?	Yes	No	NA
3. Did you make any contributions to an education savings (ESA) or 529 plan account?	Yes	No	NA
4. Did you use any ESA / 529 plan funds to pay for K-12 or college expenses?	Yes	No	NA
5. Did you use any IRA funds to pay for higher education?	Yes	No	NA
6. Did you withdraw money from a 529 plan to repay student loans?	Yes	No	NA

If you answered Yes to any of these questions, please list the question number and explain

#### Home Stuff, Purchases, Sales and Debt Information

1. Did you sell, exchange, or purchase any real estate?	Yes	No	NA
2. Did you use any IRA funds for a down payment for a home purchase?	Yes	No	NA
3. Did you foreclose or abandon any real estate?	Yes	No	NA
4. Did you refinance a principal residence or second home?	Yes	No	NA
5. Did you make energy efficient improvements to your main home?	Yes	No	NA
6. Are you required to pay back the First Time Home Buyer Credit?	Yes	No	NA
7. Do you own a motor home, trailer or boat that had a registration tax?	Yes	No	NA
8. Did you buy or sell any stock including cryptocurrency besides retirement accounts (IRA, 401k)?	Yes	No	NA
9. Did you have any debts canceled or forgiven?	Yes	No	NA

If you answered Yes to any of these questions, please list the question number and explain-

#### Income Information

1. Did you earn any income such as tips that is not reported on a tax form?	Yes	No	NA
2. Did you have any gambling winnings?	Yes	No	NA
3. Did you receive any payments / distributions from a pension, IRA or 401k plan?	Yes	No	NA

4. Did you receive any Social Security benefits?	Yes	No	NA
5. Did you receive any unemployment benefits?	Yes	No	NA
6. Did you receive any disability income?	Yes	No	NA
7. Did you receive any trust income as a beneficiary?	Yes	No	NA
8. Did you cash any Series EE or I U.S. Savings bonds issued after 1989?	Yes	No	NA

If you answered Yes to any of these questions, please list the question number and explain-

#### Miscellaneous Information

1. Did you make any estimated tax payments?	Yes	No	NA
2. Did you make gifts of more than \$15,000 to any individual?	Yes	No	NA
3. Did you pay any individual more than \$2,200 (for the 2021 tax year) as a household employee or nanny?	Yes	No	NA
4. Did you purchase an alternative fuel vehicle?	Yes	No	NA
5. Did you travel more than 100 miles for a military reserve post?	Yes	No	NA
6. Do you have signature authority of a foreign bank account?	Yes	No	NA

If you answered Yes to any of these questions, please list the question number and explain-

## 7. Deductions Worksheet

Please use this worksheet to give us medical expenses, state and local taxes, mortgage interest and charity information for preparation of your tax returns. We also need HSA contributions.

Your Name

Tax Year

### Medical Expenses

To deduct medical expenses they must exceed 7.5% of your adjusted gross income (was 10% until SECURE Act which was recently signed) and you must itemize your deductions on Schedule A, and only the portion that exceeds 7.5% is deductible. For example, if you earn \$50,000 as adjusted gross income only the medical expenses that exceed \$3,750 are deductible. In IRS Publication 502, it reads in part "Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body."

Please summarize your medical expenses and describe them below.

Prescriptions

Out of Pocket

Doctor Co-Pays

Long-Term Care

How many miles did you drive to and from medical care?

Did your business reimburse you through a Health Reimbursement Arrangement (HRA)? If so, please explain

Did you have any other travel expenses? Travel expenses are only deductible for the person receiving medical treatment, and in some cases a caretaker. If this applies to you, please explain below

### Health Insurance Premiums

Typically health insurance premiums paid in conjunction with payroll are already tax-advantaged since they are deducted pre-tax. However, if you have to pay health insurance premiums including dental and vision out of pocket with after-tax dollars, such as the marketplace premiums, then those are deductible as a medical expense subject to the limitations above. This also includes Medicare Part B and Part D premiums.

Self-employed health insurance (SEHI) premiums should be reported on our Small Business Worksheet.

What amount was paid for health insurance premiums in 2021?

### Premium Tax Credit

According to IRS Publication 974, "the premium tax credit – also known as PTC – is a refundable credit that helps eligible individuals and families cover the premiums for their health insurance purchased through the Health Insurance Marketplace. To get this credit, you must meet certain requirements and file a tax return."

Form 8962 is used to compute and reconcile premium tax credits. If you received premium tax credits in the past please submit the Form 1095-A that you should have received, and provide additional details below

### Qualified Medical Expenses for Others

You can deduct medical costs you pay directly to medical service providers for another person according to the following rules. If you pay medical expenses for someone you do not claim as a dependent on your income tax return, you can deduct those expenses if:

1. He or she either lived with you for the entire year as a member of your household
2. He or she is related to you (as described in the section Who's a Relative)
3. He or she was a U.S. citizen or legal resident, or was a resident of Canada or Mexico, for some part of the year.
4. You provided over half of his or her support for the year.

Note that these rules are slightly less stringent than those for the dependency exemption. For example, it's possible that you can deduct medical expenses you paid for a parent in 2021, even though you can't claim the parent as a dependent because his or her gross income exceeded the 2021 limit of \$4,300.

If this applies to you, please describe below

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A bit of caution however. It does not make sense to pay for medical expenses if you cannot deduct them. For example, your same mother above might be able to deduct medical expenses because she has a much lower income. If she can deduct the medical expenses and you cannot because of income thresholds, you should gift the money to your mother and have her pay the expenses directly. She gets the deduction that otherwise would have been lost. Talk to us if you need help.

### Health Savings Accounts (HSA)

HSAs are becoming more popular as employers move to high deductible health insurance plans. A Form 1099-SA is used to report distributions from your HSA, however they typically do not provide all the information necessary for the preparation of your tax return. If you received any 1099-SAs please provide a copy and complete the following. You can also jot this information down on the form as you send it in

What is the plan coverage?	Self / Single	Family	
Were the proceeds used for medical expenses?	Yes	No	Did not use HSA funds

If you listed medical expenses earlier, were those paid with HSA funds or with personal funds? Please explain

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A code W in Box 12 on your W-2 simply means that an HSA contribution was made by your employer and / or by you. You will only get a 1099-SA if you had withdrawals from your HSA.

### HSA Contributions

If you made contributions into an HSA using after-tax dollars (outside of employer payroll deductions), please complete the following

	Taxpayer		Spouse	
Plan Provider				
Provider EIN				
Amount Contributed				
Plan Type	Self / Single	Family	Self / Single	Family

If you received a 5498-SA, please send that forms to us. Self-employed HSA contributions should be reported on our Small Business Worksheet

### State and Local Taxes (SALT)

You can either deduct your state income taxes paid or your sales tax. Even if you live in an income tax state, your sales tax might exceed your income tax (especially for retired taxpayers). We always compute a general sales tax deduction as determined using IRS calculations based on locality. However, if you believe your specific sales tax paid (such as large purchases) might exceed the general sales tax deduction, please provide those details.

If you wish to deduct sales tax, Please provide copies of your auto registrations showing this tax or detail the information below with year, make and model of the cars or other items where a value-based tax was levied

### New Home Purchase

If you are a new home owner, congratulations. Please send a copy of your HUD or Closing Disclosure statement for the purchase- there are three reasons.

1. determine real estate taxes paid by you thru closing,
2. determine if any points were paid with your loan, and
3. to help you determine basis information if you sell or convert to rental

### Property Taxes

Property taxes paid are not always reported on a Form 1098- if this is true, please review your year-end statements. Remember that some states (such as Colorado) pay property taxes in arrears so a review of your HUD or Closing Disclosure statement is a must. If your property taxes are not reported on another tax document, then detail them below

Primary Residence Address		Taxes Paid	
Second Home Address		Taxes Paid	
Timeshare Address		Taxes Paid	
Trailer / RV		Taxes Paid	

Landlords should use the Rental Property Worksheet for reporting property taxes on rentals

Did you pay any property taxes in 2021 that would normally be due in 2022? If so, do you know if your state and county assess property taxes in arrears or in the current year? Please give us additional information if this situation applies to you

### Mortgage Interest

The IRS allows you to deduct the mortgage interest, private mortgage insurance and points paid for loan closings on your tax return. You can also deduct the mortgage interest on second homes and vacation homes including trailers and boats (must have sleeping, cooking and bathroom facilities).

Landlords should use the Rental Property Worksheet for reporting property taxes on rentals

If you received a 1098 Mortgage Interest statement from a lender, IRS rules require the entire statement to be entered on your tax return. Please provide all pages of all Form 1098 mortgage statements that you receive. One more favor- if the property address is not the same as the mailing address, please scribble the property address on the form. This is critical for second homes and rentals.

The IRS allows the mortgage interest deduction for a loan that is not in your name as long as you have an interest in the property associated with the loan either through legal (as in title) or equity. Here is an equity example; if your parents financed the house you live in, but you pay the mortgage and maintain the house, then you are allowed to deduct the mortgage interest.

So the two situations for mortgage interest deduction are; a) you must either be liable for the actual mortgage or b) have an ownership interest in the home (legal or equity).

### Mortgage Interest Paid Not Reported on a Form 1098

One taxpayer's deduction is another taxpayer's income. So, the IRS requires that we report the name, address and social security number of individual or company who provided financing and charged you interest if you intend to deduct it.

If you intend to deduct mortgage interest not reported on a Form 1098 Mortgage Interest, please complete the following

Full Legal Name	<input type="text"/>	SSN/EIN	<input type="text"/>
Full Address	<input type="text"/>		
Amount of Interest Paid	<input type="text"/>		

### Private Mortgage Insurance (PMI)

The private mortgage insurance deduction is always on the Congress chopping block but has been extended again for several years. The amount paid is rarely displayed on Form 1098 Mortgage Interest. Please review your year-end summary from your lender. Be aware that at \$100,000 in adjusted gross income the PMI deduction begins to phase out and is completely phased out at \$109,000 (for the 2021 tax year).

PMI Paid Last Year	<input type="text"/>	Year of Loan Closing	<input type="text"/>
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### Points

Points associated with purchases and refinancing may be deducted. If this pertains to you, please provide a copy of your HUD or closing statement so we can review it for deductions.

### Energy Improvements

Did you make energy improvements to your home including appliances? Have you claimed energy credits in prior tax years. If so, please fully describe below and provide receipts

<input type="text"/>
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### Mortgage Interest Deduction Debt Limit is \$750,000

Debt limit is now \$750,000 for acquisition debt incurred after December 15 2017. Yes, this means that loans that were in place on or before this date have the old limit of \$1,000,000. We'll talk about borrowing against your equity to buy a second home and other debt consolidations (such as home equity loans) in a bit. We'll also define acquisition indebtedness with some examples in a few moments which includes purchase, construction and improvement.

Second homes carry on as they were, and mortgage interest debt for second homes is piled onto the primary residence when applying the mortgage interest deduction rules.

Section 163(h)(3) has this verbiage "The term 'acquisition indebtedness' means any indebtedness which- (I) is incurred in acquiring, constructing, or substantially improving any qualified residence of the taxpayer, and (II) is secured by such residence." There ya go. Don't worry about the loan label-HELOC, home equity, second mortgage, 80-10-10, etc

### Home Equity Loans

Interest on home equity loans, other than those used to purchase, construct or improve the home securing the loan are no longer deductible. Huh? Let's say you have a home equity loan that is used to buy a car – the mortgage interest is not deductible. However, let's say you have a HELOC (fancy word for home equity line of credit) that is used to add a wing for your mother in law (yikes), then this debt is being used to improve the property that is securing the loan- this interest is deductible with the limits applied above. So, the property is improved (new wing) and the mortgage interest is deductible but the home is in shambles (your mother in law). Net zero.

If you use a HELOC on your primary residence to purchase a vacation home, that will not be deductible since the loan is not secured by the property used to purchase it. We can help navigate this



### Charitable Donations

Please detail your charitable donations below. If you made several similar donations, for example to Goodwill, you only need to submit one entry. If you have a spreadsheet or some other electronic version of your contributions, you can send that to us in lieu of using this form.

We typically do not need receipts, however there might be times where we need additional information. Please group your donations, assign a fair market value and detail below

Goodwill Items		Donated Value	
Salvation Army Items		Donated Value	
ARC Thrift Items		Donated Value	
Food Bank Items		Donated Value	
Other Organization			
Full Address			
Items Donated		Donated Value	

### Cash Donations

Please detail your charitable contributions below. If the organization such as your church or non-profit provided a statement to you showing the total donation, you do not need to complete this form— you can jot down your notes and send us the documentation directly.

Since 2007, you must have a receipt for every dollar you donate. We do not need a copy of your receipts unless you have significant cash contributions.

Organization	Amount Donated

Some states, like Arizona, allow for credits when contributions are made to private and public schools, and other non-typical organizations. Please ask us if you are unsure about your donation or contribution.

### Dependent Care

Please list the amount paid for child care and / or dependent care below. Also, if you have two or more qualifying persons requiring the same care provider, please list those separately since the amounts are associated with each dependent individually and entered separately on your tax return.

For you to deduct child care expenses for individuals such as a nanny or babysitter, that person must report the income. This can be a sticky situation. In other words, your deduction must be someone else's reported taxable income. And, both parents must work or be attending school full-time to qualify for this deduction.

Also, if you paid more than \$2,200 (for the 2021 tax year) to a household employee (nanny, etc.) then you must pay payroll taxes and file a Schedule H. Talk to us if this fits your situation.

Note: if the statement from your dependent care provider has their address, tax identification number (TIN or EIN), phone number, etc., you do not need to complete this section. You can jot down any additional information on the statement such as which dependent and if flex spending funds (FSA) was used, and send it to us directly.

Here is a blurb from IRS Publication 503-

Expenses for a child in nursery school, pre-school, or similar programs for children below the level of kindergarten are expenses for care. Expenses to attend kindergarten or a higher grade aren't expenses for care. However, expenses for before- or after-school care of a child in kindergarten or a higher grade may be expenses for care. Summer school and tutoring programs aren't for care.

The cost of sending your child to an overnight camp isn't considered a work-related expense. The cost of sending your child to a day camp may be a work-related expense, even if the camp specializes in a particular activity, such as computers or soccer.

**Care Provider #1**

Legal Name		EIN/TIN	
Full Address			
Which Dependent?		Amount Paid	
Which Dependent?		Amount Paid	
Which Dependent?		Amount Paid	

**Care Provider #2**

Legal Name		EIN/TIN	
Full Address			
Which Dependent?		Amount Paid	
Which Dependent?		Amount Paid	
Which Dependent?		Amount Paid	

Did you receive any reimbursements or use flex spending money (FSA) for payments to dependent care providers? If so, please explain.

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Note: If you have an amount in Box 10 on your W-2 and that amount exceeds the amount spent on dependent care, the excess becomes taxable income to you. Please review your W-2 if you have FSA benefits from your employer.

## 8. Education, Student Loan, ESA, 529 Plan Worksheet

Please use this worksheet to give us education expenses, student loan interest and ESA / 529 Plan information for preparation of your tax returns.

Your Name

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Tax Year

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### Tax Documents

There are four types of tax documents that you might receive in connection with education, student loans and 529 plans.

A 1098-T is a form that you should receive for tuition expenses. If you or your dependent went to a qualified school, 99% of the time a 1098-T form will be issued. We must get a copy of this form in addition to completing the information below. These forms are not always mailed in our electronic world, so please check your student portal.

A 1098-E is a form to report student loan interest. While we need the 1098-T form, you can report student loan interest to us without a corresponding 1098-E form by completing the information below.

A 1099-Q is a form similar to a 1099-R that reports distributions from a qualified education savings accounts (for example, a 529 Plan). You will get this in two instances; money was taken out for education or money was transferred to another custodian (such as going from Vanguard to Fidelity).

A Education Savings Account / 529 Plan statement is not necessarily a tax form, but it is needed for us to report and record your contributions. It is not enough to only tell us what you contributed unless you are a returning client and the account information has not changed.

**Caution: if you are paying for your children's education and tuition, and he or she has a job, we should prepare both tax returns. Depending on your income in conjunction with your child's income, there might be better credits for your son or daughter to report the 1098-T and associated expenses on his or her tax return.**

### Tax Credits and Refundable Credits

There are three primary education credits; American Opportunity Tax Credit, Lifetime Learning Credit and the tuitions and fees deduction. We will optimize between all three depending on eligibility.

### Tax Cuts and Jobs Act of 2017

The recent tax reform now allows you to use 529 Plans to fund private, public or religious elementary, middle and high school tuitions. The limit is \$10,000 annually. Speak to your 529 Plan administrator for details.

### Tuition Expense (Form 1098-T and 1099-Q, if applicable)

Please send us copies of the Form 1098-T that was received plus the following information

School	<table border="1"><tr><td></td></tr></table>		Tuition Paid	<table border="1"><tr><td></td></tr></table>	
School	<table border="1"><tr><td></td></tr></table>		Tuition Paid	<table border="1"><tr><td></td></tr></table>	
School	<table border="1"><tr><td></td></tr></table>		Tuition Paid	<table border="1"><tr><td></td></tr></table>	

### Student Loan Interest (1098-E)

Please send us copies of the Form 1098-E that was received plus the following information

Lender	<table border="1"><tr><td></td></tr></table>		Interest Paid	<table border="1"><tr><td></td></tr></table>	
Lender	<table border="1"><tr><td></td></tr></table>		Interest Paid	<table border="1"><tr><td></td></tr></table>	
Lender	<table border="1"><tr><td></td></tr></table>		Interest Paid	<table border="1"><tr><td></td></tr></table>	
Lender	<table border="1"><tr><td></td></tr></table>		Interest Paid	<table border="1"><tr><td></td></tr></table>	
Lender	<table border="1"><tr><td></td></tr></table>		Interest Paid	<table border="1"><tr><td></td></tr></table>	

Keep in mind a few things about student loan interest-

The deduction is limited to \$2,500. It is phased out if your adjusted gross income exceeds \$85,000 for single filers and \$170,000 for married filing jointly filers (for the 2021 tax year). If you file married filing separate, this deduction is not allowed at all.

If Mom and Dad pay the student loan payment but are not responsible for the debt, they cannot deduct the interest paid. However, the child (student) may deduct it although Mom and Dad paid it. You must be legally responsible for the debt to deduct the student loan interest.

#### Education Savings Accounts, 529 Plans

If you contributed to a 529 plan sponsored by your state, you may be able to get a deduction or credit. If so, please provide the following:

ESA / Plan Name	Child's Name	Amount Paid

## Basic Info

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Or are you new client?

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Meals when visiting with a client or prospect are deductible at 50%. Please provide the entire amount spent, and we will reduce the amount according to IRS rules. Meals deducted at 100% are reserved for things like company parties, picnics, power lunches and meetings (we will need to review with you) and is nearly impossible to exist without non-owner employees. Starting January 1, 2021 and for two years, all business meals will be 100%.

If you have meals that you believe should be deducted at 100%, please describe below

### Additional Expenses

Skip this section if this information is detailed on financial statements.

Owner Health Insurance		Cell Phone (Business Use Only)	
Long Term Care Premiums		Internet (Business Use Only)	
Owner HSA Contribution		Webhosting	
Bank, Credit Card Fees		Other	
Continuing Education		Other	
Conferences		Other	
Personal Protective Equipment		Other	

Self-Employed Health Insurance (SEHI), Health Savings Accounts (HSA) and Long-Term Care (LTC) insurance are a deductions to all small business owners, including coverage for spouse and family. SEHI and HSA are direct deductions on your Form 1040, and is not subjected to income thresholds and phaseouts associated with Schedule A.

Also, if you are an S corporation then SEHI, HSA, LTC and Health Reimbursement Arrangements (HRA) must be handled by adding the amount to Box 1 of your W-2.

### IRS Disclosure (required)

The IRS requires paid tax professionals, Enrolled Agents (EAs) and CPAs to ask all taxpayers who deduct travel and meals if they have proof or supporting evidence of the expense, and the related business connection. You need two things; records and evidence. Here is the blurb from Publication 463-

#### Record.

You should keep the proof you need in an account book, diary, log, statement of expense, trip sheets, or similar record. You should also keep documentary evidence that, together with your record, will support each element of an expense.

#### Documentary evidence.

You generally must have documentary evidence, such as receipts, canceled checks, or bills, to support your expenses.

#### Exception.

Documentary evidence isn't needed if any of the following conditions apply.

You have meals or lodging expenses while traveling away from home for which you account to your employer under an accountable plan, and you use a per diem allowance method that includes meals and/or lodging.

Your expense, other than lodging, is less than \$75.

You have a transportation expense for which a receipt isn't readily available

#### Adequate evidence.

Documentary evidence ordinarily will be considered adequate if it shows the amount, date, place, and essential character of the expense.

For example, a hotel receipt is enough to support expenses for business travel if it has all of the following information

The name and location of the hotel.

The dates you stayed there.

Separate amounts for charges such as lodging, meals, and telephone calls.

A restaurant receipt is enough to prove an expense for a business meal if it has all of the following information.

The name and location of the restaurant.

The number of people served.

The date and amount of the expense.

If a charge is made for items other than food and beverages, the receipt must show that this is the case.

Do you have proof of your travel and meals expenses?	Yes	No
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### CARES Act

The following section asks questions regarding certain benefits contained in the CARES Act which was passed in 2020 in response to COVID-19.

Did you receive a PPP loan and / or EIDL? If so, please provide the amounts. Additionally, have you obtained PPP loan forgiveness? If not, do you have reason to believe you will not qualify? Please explain

In 2021, did your business have an SBA loan such as 7(a), 504 or microloan?	Yes	No
Did your business take advantage of the Employee Retention Credit (this is not the same as the PPP loan)?	Yes	No
Did your business take advantage of the Delay of Payment of Employer Payroll Taxes?	Yes	No
Did your business defer the employee portion of payroll taxes?	Yes	No
Did your business provide paid sick and family leave for employees?	Yes	No

### Issue 1099s (required)

If you paid more than \$600 in rents, services (including parts and materials) or other income payments to any individual or LLC in connection with your trade or business, you are required to complete a 1099-MISC. You also must submit it to the IRS and mail a copy to the recipient. 1099s are typically required to be sent by January 31. Later submissions are allowed but might incur penalties. 1099-MISCs are not required to be sent to corporations, including S corporations.

Did you make payments that require filing a 1099?	Yes	No	
If Yes above, have you filed the required 1099s?	Yes	No	NA

If 1099s were required to be filed, and you want us to prepare, file and mail them for you please list the recipient's name, full address, SSN or EIN, and the amount paid.

### Mileage and Home Office (if applicable)

Vehicle expenses including mileage and business use of your home (home office) are only reported on the respective worksheets and not on this worksheet.

These worksheets are not necessary if you reimburse yourself through an Accountable Plan. There could be some tax advantages for handling these through an Accountable Plan versus taking a deduction on your personal tax return.

(Accountable Plan Reimbursement)

### Balance Sheet Information

We file balance sheet information (Schedule L) with all business entity tax returns. This generally is composed of cash, inventory, accounts receivable, assets (such as cars, equipment, buildings), accounts payable, loans and equity information.

Skip this section (cash, A/R and A/P) if this information is detailed on financial statements

#### Cash Balances

Jan 1 Cash Balance  Dec 31 Cash Balance

Note! The most often overlooked item is ending cash (cash in your business bank account on December 31). This can be tricky if you wrote a bunch of checks on 12/31, licked some stamps and dropped them in the mail; those expenses are deductible but cash hasn't left your bank account so we need to know about this.

Does your Dec 31 cash balance include payments in transit? If Yes or unsure, please explain

#### Accounts Receivable (if applicable)

Jan 1 A/R Balance  Dec 31 A/R Balance

Do you recognize income when you are paid (cash based), or when you invoice a customer (accrual based)? It is not uncommon, nor is it incorrect, to use an accounting package such as QuickBooks to track open invoices and manage your Accounts Receivable, yet use a cash method of accounting. Please describe your system below

#### Loan Balances (if applicable)

Jan 1 Loan #1 Balance  Dec 31 Loan #1 Balance\*   
Jan 1 Loan #2 Balance  Dec 31 Loan #2 Balance\*

\* Please provide an amortization schedule or some other document detailing the principal payment and the interest payment for the year. The original loan documentation would be helpful as well.

During 2021, did you receive any new loan proceeds or payoff any loans? If so, please include a detailed payment schedule and describe the circumstances below-

During 2021, did you lend money or make any business loans? If so, please include a detailed payment schedule and describe the circumstances below

#### Inventory (if applicable)

IRS Publication 334 reads in part

Exception for small business taxpayers.



If you are a small business taxpayer, you can choose not to keep an inventory, but you must still use a method of accounting for inventory that clearly reflects income. If you choose not to keep an inventory, you won't be treated as failing to clearly reflect income if your method of accounting for inventory treats inventory as non-incidental material or supplies, or conforms to your financial accounting treatment of inventories. If, however, you choose to keep an inventory, you generally must use an accrual method of accounting and value the inventory each year to determine your cost of goods sold in Part III of Schedule C.

#### Small business taxpayer.

You qualify as a small business taxpayer if you (a) have average annual gross receipts of \$25 million or less for the 3 prior tax years, and (b) are not a tax shelter (as defined in section 448(d)(3)). If your business has not been in existence for all of the 3-tax-year period used in figuring average gross receipts, base your average on the period it has existed, and if your business has a predecessor entity, include the gross receipts of the predecessor entity from the 3-tax-year period when figuring average gross receipts. If your business (or predecessor entity) had short tax years for any of the 3-tax-year period, annualize your business' gross receipts for the short tax years that are part of the 3-tax-year period.

#### Treating inventory as non-incidental material or supplies

If you account for inventories as materials and supplies that are not incidental, you deduct the amounts paid to acquire or produce the inventoriable items treated as materials and supplies in the year in which they are first used or consumed in your operations.

January 1, Beginning Inventory  
Inventory Purchases  
December 31, Ending Inventory


#### ***Equipment Purchases (if applicable)***

During 2021, did you purchase any equipment, office furniture, client lists, etc.? If so, please provide copies of invoices or sales agreements, and descriptions below-

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#### ***1099-K (if applicable)***

Did you receive a 1099-K from a merchant service such as Amazon or PayPal? These forms typically only include gross sales. If you received one, please describe any personal activity, returns, chargebacks or refunds that are erroneously included on the 1099-K below

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#### ***Sales Tax (if applicable)***

Did you collect any sales tax in 2021? Does your gross revenue above include sales tax collected? Are all filings current and paid for? Please provide copies of your sales tax filings (if available) and describe below

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#### ***Retirement (if applicable)***

SEP IRA and 401k contributions, including profit sharing and defined benefits pensions, can be confusing and problematic. Let's run through some of the issues

#### SEP IRA

If your business files its own tax return such as Form 1065, 1120 or 1120S, then a SEP IRA contribution is made by the business entity directly, and is subsequently deducted on the business entity tax return which in turn reduces taxable income at the business entity level. If your business files a Schedule C along with your individual tax return (Form 1040), then a SEP IRA contribution is a reduction to gross income to arrive at adjusted gross income.

For a business entity that pays a W-2 salary / wage to its owner, a SEP IRA contribution is limited to 25% of gross salary / wage.

#### 401k

A 401k has two components; employee deferral and employer contribution. For a business entity that pays a W-2 salary / wage to its owner, the employee deferral must have been recorded thru payroll and appear on the W-2 accordingly; the employer contribution is typically discretionary and is limited to 25% of gross compensation (which is defined by the 401k plan document). Even if an employee deferral was not performed, the employer (your business) can still make a discretionary employer contribution

If December 31 has come and gone, and you would like to change the employee deferral component, then payroll amendments will be necessary.

If your business files a Schedule C along with your individual tax return (Form 1040), there are still two components; employee deferral and employer contribution.

Do you have a SEP IRA or 401k plan? If so, please detail the contribution amounts made throughout the year, the type of contribution (SEP IRA, 401k profit sharing, etc.), and the dates below

Warning! SEP IRA and 401k contributions made by the employer (the business) are due by the filing deadline of the associated tax return. For example, if you are making a SEP IRA / 401k contribution for your LLC reported on Schedule C / Form 1040, that is due April 15. However, if you are an LLC elected to be taxed as an S Corp, then that same SEP IRA / 401k contribution is due March 15 (the filing deadline for Form 1120S). SEP IRAs enjoy the possibility of being extended. Please contact us for further clarification.

#### ***Payroll (if applicable)***

Did you have any employees in 2021 in which you ran payroll, withheld taxes and completed the filings? Please provide year-end summaries from the payroll service you used and briefly note any comments or issues below

Did you pay your children a wage? If No, have you considered it? There are some excellent tax advantages by doing so. If Yes, please provide the names of your children on payroll and the work they performed below

Were any owners issued a W-2 where the business also paid for health insurance or long-term care, made HSA contributions and / or issued HRA reimbursements? If so, please explain

#### **Housekeeping**

If your business owns a vehicle that you use personally, you might have to consider that benefit taxable income. Unless your business needs a vehicle for nearly 100% business use, you might be better off owning it personally and getting reimbursed through an Accountable Plan

Does your business own a vehicle that you use for personal use

Do you have employees or contractors working for you in other states?

Do you earn revenue sourced to multiple states? If so, do you track revenue by state?

If you answered Yes to any of these questions, please explain

#### **S Corp Election**

If you are not an S Corporation but you are earning more than \$30,000 per year after expenses, you might want to consider making an S Corp election. We might be able to retroactively make this election to January 1 2021 and save 8% to 10% in taxes. It might cost you \$2,000 to save \$8,000- but simple math says it is a good idea.



## 10. Home Office Deduction Worksheet

Typically, the home office deduction is only available to individuals that own a small business or receive a K-1

Your Name

Tax Year

There are two basic requirements for your home to qualify for this deduction: Regular and exclusive use and use your home substantially and regularly to conduct business.

### Expenses

Please send your mortgage interest statements (Form 1098) and any other year-end statements. We will use that information to compute your deduction for mortgage interest, private mortgage insurance (PMI) and real estate taxes.

Please complete the rest of the expenses associated with your entire home, and we will allocate the expenses to your home office accordingly.

Cleaning, Maintenance

Casualty Losses, Theft

Hazard Insurance

Rent

Repairs, Maintenance

Utilities

HOA Dues

Other

Other

Other

### Improvements, Direct Expenses

Did you make any improvements to your home office space that was directly related to its business use? For example, a massage therapist might need to install new lighting and sound system specific to massage therapy. If your situation is similar, please explain below

Do you use a separate structure from your house for business purposes (ie, storage shed)? If so, please explain how utilities and property taxes are separated from the primary structure below

### Home Office Connection

Briefly describe how this home office is used in conjunction with your job or small business below-

Did you use this home office for the entire year? If not, please provide starting and ending dates, and a brief explanation. Also, if you changed primary homes during the year, we might need you to complete this form twice.

How many hours per week do you use your home office for your job or small business use?

Do you use the space exclusively as a home office?

Yes

No

Do you have another office that you use at a different location?

Yes

No

Did you operate a child care facility in your home?

Yes

No

Did you reimburse yourself for your home office using an Accountable Plan?

Yes

No

### 2021 Home Office Set Up Information

Complete this next section only-

If you began using a home office in 2021;  
switched office spaces or;  
if you are a new client.

When determining the value of the land, the property assessment from the county assessor can be helpful- we can also help with this too. Land value is used to determine depreciation.

Property Address	
Date Home Office was First Used	
Original Purchase Price of Home	
Portion of Price or Value Attributed to Land	
Area Exclusively Used as Home Office (sqft)	
Total Area of Home (sqft)	

Does any of the square footage above include an unfinished basement, attic or garage? If so, please detail the amount of unfinished square footage that is used for business purposes (ie, home office, storage) below-

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## 11. Property Sale Worksheet

Please use this worksheet to give us your property purchase, improvements and sale information for preparation of your tax returns. The goal here is to correctly compute capital gains on the sale.

Your Name

Tax Year

Our apologies upfront. This form might seem repetitive but there is a bunch of information we need to confirm so we can minimize your tax consequence from selling your rental or personal residence.

Property Address

Property City State and Zip

Original Purchase Date

Original Purchase Price

### Acquisition Costs

Costs to acquire your property add to your cost basis, except for financing costs. For example, title fees, recording fees, commissions, etc. will add to the overall cost of your property. Points, origination charges, appraisals for financing, etc. Please list those costs below or provide the original purchase HUD or closing disclosure statement (which is preferred).

### Improvements

Please detail amounts paid and approximate dates for improvements such as landscaping, window treatments, carpet, kitchen renovations, etc. However, if you already expensed an item, such as paint or something else, that should not be listed (the tax benefit was previously created as an expense). Please only list improvements that were not expensed.

### Rental Questions

You may skip this section if this property was never a rental. However, if it was ever a rental or currently is a rental, please answer the questions below.

Date Property was Put into Service as a Rental

Did you depreciate the property each year it was a rental? Yes No

Did you move back into the rental prior to selling it? Yes No

Did you own it with anyone else besides your spouse? Yes No

If this property was mixed use (primary residence and rental), please list the dates it was your primary residence and the dates it was a rental. This is essential to determine your exclusion.

### Capital Gain Exclusion

Currently the IRS allows up to \$500,000 of capital gains to be excluded from taxation, but there are ownership and use rules. If you used the property for fewer than 24 months out of the past 60 months as your primary residence, you might still be eligible for a pro-rated amount of exclusion due to disability, military orders, etc.

Please explain the reasons you sold this property if you lived in it for fewer than 24 months.

The IRS only allows the capital gains exclusion on your primary residence. However, if you own multiple properties such as vacation or second homes and rentals, more discussion might be required.

### Closing Disclosure Statement Request

Please provide a copy of the Closing Disclosure statement for the sale (formerly known as the HUD). It is easier than asking for all the important information that it contains such as real estate commissions, transfer taxes, pro-rated property taxes, etc.

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## 12. Rental Property Worksheet

Please use this worksheet to give us your rental income and expenses for preparation of your tax returns

Your Name

Tax Year

### Rental Property Basics

Property Address

Property City State and Zip

Property Nickname

(if used)

If this rental property is not in the same state as you, a non-resident tax return for that state will be prepared and filed even if your rental loses money. The rule is simple- if you have an income producing asset in a taxing jurisdiction, a tax return is required. In many cases, this works to your advantage since this will help maintain your disallowed or non-deducted losses plus provide historical information for future capital gains calculations.

### Rental Income, Rent Received

Rents Rec'd (on 1099s)

Rents Rec'd (not on 1099s)

### Mortgages

Please send your mortgage interest statements (Form 1098) and any other year-end statements. We will use that information to compute your deduction for mortgage interest, private mortgage insurance (PMI) and real estate taxes. Some lenders are excellent about printing the property address on the Form 1098. If your lender does not, and you want to be cool, please write down the rental property address on your tax documents.

Mortgage Interest 1

Mortgage Interest 2

Mortgage Interest 3

Other Interest

Lender 1

Lender 2

Lender 3

PMI (total)

### Expenses

Advertising

Travel (no auto miles)

Cleaning, Maintenance

Commissions

Hazard Insurance

Legal, Professional Fees

Management Fees

Property Taxes

Repairs

Supplies

Utilities

HOA Dues

Cell Phone (business portion)\*

Internet (business portion)\*

Other

Other

Other

Other

\*Cell phone and internet expenses are for managing the property, calling tenants, performing background checks, coordinating with contractors, etc. These expenses are generally about 5-10% business use per rental.

### Other Information

Any other expenses or information that might be pertinent to your rentals? If so, please explain below:



### Improvements

Did you make any improvements such as new roof, appliances, wall-to-wall carpet, etc.? If Yes, please detail the improvement, date and amount below-

### Rental Property Set Up Information

Complete this next section only if you began renting a property in this year or if you are a new client. When determining the value of the land, the property assessment from the county assessor can be helpful- we can also help with this too

Original Purchase Date	
Original Purchase Price	
Portion of Price Attributed to Land	
Date Placed into Service as a Rental	

Service dates can be misleading. If the property was available for rent on Jan 1 but not rented until Mar 1, the property was technically placed into service on Jan 1. Again the service date is the date the property was available for rent

Fair Market Value when Placed Service	
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### Personal Residence Conversion

If you owned the property as your personal residence and then converted it to a rental, the basis for depreciation and capital gains is the lower of the fair market value or the adjusted cost basis (there are some exceptions). Adjusted cost basis includes original closing costs, improvements, credits offered at purchase and any depreciation already taken. Simply put we need the Closing Disclosure Statement when you purchased and any improvements.

If applicable, please provide this information below so we can properly calculate your basis for depreciation

### Prior Depreciation

If you are a new client and you had this property as rental on prior tax returns, we will need the full depreciation schedule. This is not always contained within your previous tax returns. We can help you with obtaining or determining this information too.

Does your prior year tax return contain historical depreciation schedules?    NA      Yes      No      Unsure

### Housekeeping

Is your rental property a multi-unit or multi-family property? Do you rent a portion or unit of a multiple unit dwelling that you also reside in? Or do you rent a room out of your personal residence, or some other unusual rental situation? If so, please explain below

Is the rental property owned (titled) by a multi-member LLC or another business entity? If so, please explain below

### Sale, Management

Did you sell or dispose of this rental property last year? If Yes, please complete the Property Sale Worksheet which asks all kinds of questions to ensure we minimize your capital gains and depreciation recapture. It is common for clients to forget about the new roof or what they originally paid, among other material items. Please submit the Property Sale Worksheet separately

Have you moved back into the rental or stopped renting it? If Yes, please provide some more details below-

Did you use the rental for personal use last year? Please tell us the number of days you, your family or close friends have used the rental without paying market rent, and provide a brief explanation below

Is your rental considered a vacation rental? Do you list it on VRBO or AirBNB, like a ski-condo or beach house? If so, please explain below including the days rented and days used personally

### **Closing Disclosure Statement Request**

If you have not provided a Closing Disclosure statement (formerly known as the HUD) in connection with the purchase of this rental property, please try to do so. Several reasons- it helps us create a starting point for your depreciation and capital gains calculations since some acquisition costs are added to your cost basis. There are also some other expenses that might be deductible right away in the first year.

### **Mileage and Home Office**

Vehicle expenses including mileage and business use of your home (home office) are only reported on the respective worksheets. Home office deduction for rental property is reserved for Real Estate Professionals only as defined by the IRS (see below).

### **Real Estate Professionals**

A home office deduction cannot be entertained without being a Real Estate Professional as defined by the IRS, or an active real estate agent. Real estate agents are NOT automatically considered Real Estate Professionals- the IRS definition is very strict and a real estate license or being a Realtor does not automatically satisfy the requirement.

Do you qualify as a Real Estate Professional?	Yes	No	Unsure
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### 13. Vehicle Expense Worksheet

Please use this worksheet to give us your vehicle expenses and mileage information for preparation of your tax returns.

Your Name	
Tax Year	

#### Tax Cuts and Jobs Act 2017

Traveling salespeople and other W-2 employees who historically deducted mileage on Form 2106 as a unreimbursed expense are no longer allowed to deduct mileage. A company may still reimburse you up to the mileage rate without it being considered income to you, but any difference cannot be deducted due to the recent tax reform.

#### Who Should Use This Form

There are three situations for vehicle expenses and mileage

1. Your business owns the vehicle. If this is your situation, do not use this form since actual expenses associated with your business vehicle will be detailed (and deducted) in your business expenses
2. You own the vehicle, and you want to deduct the mileage allowance (or deduct the mileage reimbursement as a business expense).
3. You own the vehicle, and you want to deduct the actual expenses associated with the business vehicle such as gas, insurance, lease payments, maintenance, etc. (or deduct the vehicle expense reimbursement as a business expense).

Recall that situation #2 and #3 both require a mileage log to be maintained by you. Under situation #3, if you drive 10,000 miles total, and 2,500 of those miles were business miles, then 25% of your maintenance expenses will be deductible / reimbursable.

In most cases, using the mileage rate as a deduction or reimbursement is preferred over actual expenses.

#### Mileage Information

	Vehicle #1	Vehicle #2
Year, Make and Model		
Start Date for Business Use		
End Date for Business Use (if applicable)		
Odometer on Jan 1 or Start Date		
Odometer on Dec 31 or End Date		
Personal Miles		
Commuting Miles		
Business Miles*		

\* Business miles will be the difference of ending odometer less starting odometer, personal miles and commuting miles.

Note: We need total miles driven (beginning and end odometer readings). In other words, we need more than just the business miles. Why? Good question. Auto registrations, taxes and loan interest can be added to the mileage deduction but only the business use percentage. As such we need total miles and business miles.

#### Business Connection

Briefly describe how this vehicle(s) is used in conjunction with your small business below

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## Actual Expenses

Do you think your actual expenses will exceed the mileage rate? Before you say Yes, consider that you can only deduct the business portion of your actual expenses. For example, you drive 10,000 miles and 2,500 miles were for business, a total of 25%. A set of tires for \$800 will only yield a \$200 deduction (25%). Having said this please list your costs associated with gas, oil, tires, service and repairs, modifications, insurance, lease payments and titling below

Generally speaking, the mileage rate will still exceed actual expenses, but we can deduct the higher of the two. If you deduct actual expenses in any tax year, you cannot switch back to the mileage deduction. Regardless, you still must submit the miles above in addition to expenses.

### Mandatory IRS Due Diligence

	Yes	No
Do you have another vehicle available for personal use?	Yes	No
Do you have written evidence or a mileage log?	Yes	No
Were you reimbursed for any travel expense including mileage?	Yes	No
Is the vehicle(s) in your name (or spouse) or business?	Me / Spouse	Biz

### Mileage Log

Mileage is one of the most incorrectly deducted expenses, and therefore it is one of the most scrutinized by the IRS. Easy money for them. First, you need to prove you own the vehicle(s). Next, you need to keep track of your beginning and ending odometer readings, and have that data corroborated by service receipts. Therefore, it is a good idea to make copies of service invoices such as Jiffy Lube since these companies record odometer readings. Lastly, you need to keep track of the date, the business miles driven and the business connection.

We do not normally need to see your mileage log. In some cases, we might. We always suggest using a smartphone app to track your mileage via GPS which also emails you a mileage log compilation. Very nice. Remember, a written log is required to be maintained by you, and can be requested anytime by the IRS during an examination. Memories grow short- keep up with this requirement.

### Lease

Leased vehicles have a lease inclusion which reduces your deduction by a few dollars. But, this inclusion only affects you if you use actual expenses versus the mileage rate. If you believe your actual expenses will exceed the mileage rate, AND this vehicle is leased, please provide the purchase price, the purchase date, and the term (length) of the lease below

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### Loan Interest, Taxes

Even if you use the mileage rate as your method of deduction, the loan interest paid on your vehicle is deductible to the extent of business use. For example, if your interest was \$5,000 and the business use was 10% (using miles) then you receive another \$500 deduction on top of your mileage rate. Wait! There is more. We deduct the tax portion of your auto registrations with your mileage deduction to reduce your self-employment taxes even more. Therefore, we need two numbers. We need the loan interest paid on your vehicle for the tax year and the taxes associated with your auto registrations below-

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## 14. COVID Stimulus and Advance Child Tax Credits

Please use this worksheet to give us information on the COVID Stimulus and Child Tax Credit money received.

### COVID Stimulus Payments

Payments were made in March/April of 2021.

Generally, someone was eligible for the full amount of the third Economic Impact Payment if they:

- are a U.S. citizen or U.S. resident alien (and their spouse if filing a joint return), and
- are not a dependent of another taxpayer, and
- had adjusted gross income (AGI) that is not more than:
  - \$150,000 if married and filing a joint return or if filing as a qualifying widow or widower
  - \$112,500 if filing as head of household or
  - \$75,000 for any other filing status

Payments were phased out – or reduced – above those AGI amounts. This means people will not receive a payment if their AGI is at least:

- \$160,000 if married and filing a joint return or if filing as a qualifying widow or widower
- \$120,000 if filing as head of household
- \$80,000 for any other filing status

The third Economic Impact Payment amount was:

- \$1,400 for an eligible individual with a valid Social Security number (\$2,800 for married couples filing a joint return if both spouses have a valid Social Security number or if one spouse has a valid Social Security number and one spouse was an active member of the U.S. Armed Forces at any time during the taxable year)
- \$1,400 for each qualifying dependent with a valid Social Security number or Adoption Taxpayer Identification Number issued by the IRS

Did you receive the third Economic Impact Payments

Yes No

Amount of Economic impact payments received in 2021:

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Did you receive letter 6475 from the IRS?

Yes No

If yes, please provide letter 6475 as part of your tax information submission.

### Advance Child Tax Credits

To help taxpayers reconcile and receive all of the Child Tax Credits to which they are entitled, the IRS will send Letter 6419, 2021 advance CTC, starting late December 2021 and continuing into January. The letter will include the total amount of advance Child Tax Credit payments taxpayers received in 2021 and the number of qualifying children used to calculate the advance payments. People should keep this and any other IRS letters about advance Child Tax Credit payments with their tax records.

Families who received advance payments will need to file a 2021 tax return and compare the advance Child Tax Credit payments they received in 2021 with the amount of the Child Tax Credit they can properly claim on their 2021 tax return.

### Advance Child Tax Credits Amounts

July

August

September

October

November

December


## **ENGAGEMENT LETTER - INDIVIDUAL TAX**

Tax Year: 2021

Dear Client,

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

### **TAX RETURN PREPARATION SERVICE**

We will prepare your federal and state income tax returns from information which you will furnish to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with questionnaires and worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping the fee to a minimum.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You should retain all the documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign them.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations and/or irregularities, should any exist. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

### **FEES AND EXPENSES**

Our fees for tax services will be based on our return flat fee schedule or previously agreed rates, however current year rates may be adjusted by 5% due to increased costs. If requested, IRS transcript reconciliation is available for an additional \$135. If for any reason the account is turned over to an outside agency or attorney for collection, an additional charge equal to the collection costs (i.e.: agency fees, attorney fees, court costs, etc) will be added.

Your return(s) may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent

are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of the tax return(s).

### **CLIENT COMMUNICATIONS**

By executing this engagement letter you consent to this firm, CMR Associates, LLC and Charles Renwick, CPA, using your tax return information to send you, by any medium: firm newsletters, surveys, press releases, information concerning firm seminars and nontax-related services, and any other communication sent to some or all of the firm's clients. This consent shall be valid for three years. The disclosure will include the entire federal income tax return, and you acknowledge, by signing this engagement letter (consent form), that you have the right to consent to a disclosure of less than the entire tax return, but have decided, without coercion, that you consent to the disclosure of the entire tax return. This consent is not conditioned on our providing services to you.

### **COMPLIANCE WITH IRS REGULATIONS**

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that don't meet these standards. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. If we concluded that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement and you agree to compensate us for our services to the date of withdrawal. Our engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

### **THIRD-PARTY DISCLOSURE AND USE OF THIRD-PARTY SERVICES**

Unless you indicate otherwise, our firm may transmit confidential information that you provide to us to third parties in order to facilitate delivering our services to you. Examples of such transmissions may include the access to your contact information by members of our team (independent contractors such as consultants, administrative assistants, or third party developers), transfer of accounting information and other data files via the internet, online back-up services, website developer and hosting services (for newsletter and order processing), credit card processing company, etc. We only work with established, reputable companies that have demonstrated their commitment to safeguarding your data. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm. We will ensure that third-party service providers who we share information with agree to protect your confidential information and to use it only in connection with the services they perform for us.

### **INDEMNIFICATION**

You to indemnify CMR Associates, LLC and Charles Renwick, CPA for any monetary losses, including attorney's fees, caused in whole or part, by your negligence, dishonest intentional act, or failure to meet or fulfill the obligations outlined in this engagement letter.



### **CONFIDENTIALITY**

IRC section 7216 and its regulations are set up as a blanket prohibition on a preparer's disclosure or use of a taxpayer's return information without the taxpayer's prior consent. We require all requests for disclosure be provided in writing.

### **RECORD RETENTION**

It is our policy to digitize all records and always make such records accessible to you. We keep paper records related to this engagement for five years. We do not wish to keep any of your original records, so we will attempt to return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies. By signing this engagement letter, you acknowledge and agree that upon the expiration of the five-year period, we are free to destroy our records related to this engagement or prior engagements.

### **OTHER MATTERS**

Any controversy or claim arising out of or relating to this contract or engagement, or breach thereof, except actions by us to enforce payment of our professional invoices, shall be settled by arbitration administered by the American Arbitration Association under its Arbitration rules for Professional Accounting and Related Services Disputes, and must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of arbitration or other claim brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by you, for the services set forth in this engagement letter. In no event will we be responsible for any additional tax that may be assessed against you or any interest or penalty that may be assessed against you with respect to such additional tax.

We have the right to withdraw from this engagement, in our discretion, if you don't provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests, or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, please inform us by noting so at the end of the return copy of this letter.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

Charles Renwick, CPA

Accepted By: \_\_\_\_\_

Date: \_\_\_\_\_

## CONSENT TO DISCLOSURE OF TAX RETURN INFORMATION

We offer financial planning and brokerage service. Upon request, we will help you set up or roll-over your individual or business retirement accounts and non-retirement brokerage accounts.

However, unless authorized, we cannot use your tax return specific information for purposes other than the preparation and filing of your tax return without your consent.

You are not required to complete this form to engage our tax return preparation services. If we obtain your signature on this form by conditioning our tax return preparation services on your consent, your consent will not be valid. Your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year from the date of signature.

I/We authorize Charles Renwick, CPA to use tax return information contained in my/our federal income tax returns and supporting schedules for the purpose of providing to the taxpayer(s):

- Information that may be of interest to the taxpayer.
- Financial advice, including tax planning, discussion of investments, and other aspects of your financial life.

This consent will be valid for a maximum period of two year(s) beginning on the date signed and expiring on 12/31/2023.

Alternative expiration date requested by client: \_\_\_\_\_.

Name(s) \_\_\_\_\_

Signature(s) \_\_\_\_\_

Date: \_\_\_\_\_

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at [complaints@tigta.treas.gov](mailto:complaints@tigta.treas.gov).