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PRODUCT & SERVICE GUIDE

How Taxpayers Can Prepare for Their Annual Tax Meeting

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As a long-time tax practitioner, I've conducted thousands of client interviews over the years. I've learned that when a client comes prepared for their interview, it results in less need for post-meeting follow-up calls and document gathering, which translates into saved time for everyone. I've also learned that most clients need assistance preparing for the meetings, so I have a pre-interview discussion with each of them and remind them what to bring. Here is a list of tips to help you assist your clients in getting ready for their annual tax preparation meeting.

Personal information

You will need the names, birthdates, and social security numbers for each person on the tax return. And, for your own recordkeeping, you will need to keep a copy of the driver's license of each client. In addition to having the driver's license available at the interview, they will need the social security card for each family member, spouse or dependent listed on the return. You should also inquire if the client has anyone who qualified to be a dependent on their tax return but whom they chose not to claim. If this is the case you will need to inquire about this non-dependent's health insurance coverage, as the taxpayer is still likely to be responsible for this coverage.

All informational forms (1098s, 1099s, W-2s, etc.)

It's important that your clients bring anything that even remotely resembles a tax

form or reporting document to your meeting. Advise them that if they are not sure about a specific document, they should bring it with them and leave it up to you to decide if it's important. Many clients might feel they don't need to bring you the information on their municipal bond funds, as they "know" they are not taxable, but we "know" they may affect other numbers.

Also, remember that if there is a potential Premium Tax Credit or Shared Responsibility Payment you will need to know the MAGIs of dependents who filed their own returns. You may want to suggest that you prepare these returns also, or you will need copies of these dependent's returns.

Last year's return

Your new clients should bring their prior year's returns. If they have a business or own assets or rental property you will need to pick up items, such as depreciation, carryover losses, and suspended real estate losses from last year's return.

Businesses and rental property records

Your clients should bring all 1099-K and 1099-MISC documents they've received and a list of the totals of all of their business income and deductions. If they have a home office, they should bring the square footage of the area of their home that they used regularly and exclusively for business and also the total square footage of the entire home. It's a good practice to request the contemporaneous mileage logs from clients who are deducting vehicle expenses.

Deductions

Even if your clients have not itemized deductions in the past, ask them to bring information about their cash and non-cash contributions, medical expenses, home mortgage interest, and other items from the Schedule A. In addition, you will need information about IRA contributions, moving expenses, higher education expenses and other possible "above-the-line" deductions.

Life events

Your clients may not know which life changes may affect their tax return, so it's up to you to provide them with guidelines about what you need to know about. If you wait to ask them during the meeting, chances are good that they will forget something that happened earlier in the year. It's highly unlikely your clients will forget about a new baby or a home sale, but that class they took earlier in the year to brush up on work skills may not be as easy to recall without sufficient time to think about it. Better to request that they come to the meeting with their lists in hand.

Anything and everything that seems relevant

I like to advise my clients to bring in anything that seems like it could be tax-related. Once I see it I will be able determine much better than they can whether I need it or not, and I don't charge extra for that.

By no means is this an exhaustive list. If you have clients who claim the earned income credit, you will need to follow the due diligence requirements and gather the additional information and documents required by Form 8867, as well as documenting the questions you ask and the answers they provide related to EITC. Each client's situation is different, and with all of the new requirements for tax professionals I highly recommend a face to face interview with each client. If that's not possible, have a telephone chat, but don't rely on an organizer to provide the information you need to prepare an accurate tax return.

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