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## Tax Information Organizer – 2009

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This tax information organizer is designed to provide clients of Martin & Wall, P.C. with a comprehensive checklist of items needed to properly prepare individual income tax returns. Please check the items that apply to you, gather the associated documents, and then call us for an appointment when you are ready to have your taxes prepared. Please do not schedule a meeting to review your 2009 taxes until you have reviewed this document and organized your documents.

Privacy policy: All data collected is exclusively for the purpose of preparation of your tax returns and will be safeguarded. As per AICPA Code of Professional Conduct, all information provided by clients is strictly confidential.

### **Personal Information**

**Name(s) & Social Security Number(s):**

**Occupation(s):**

**Address Change:** If you moved in 2009, please provide your new address & telephone.

**E-Mail Address:** We actively try to provide clients with useful information during the year via e-mail, including tax updates and planning opportunities. This information will not be sold or otherwise distributed. Please print neatly.

**Date(s) of Birth:** Certain tax deductions are based on age. Thus, it is prudent to have your date of birth when preparing your tax returns.

**Presidential Election Fund:** \$3.00 contribution to, YES \_\_\_\_\_ NO \_\_\_\_\_. This does not increase or decrease your tax liability.

**Direct Deposit of Refund:** If you wish the IRS to send your refund by electronic funds transfer, please provide a copy of a check, or supply your account number and your bank's routing number. Please note that deposit tickets do not contain proper bank routing numbers.

**Do you wish to Electronically File your tax returns?** YES \_\_\_\_\_ NO \_\_\_\_\_. Many taxing authorities now require taxpayers to file their returns electronically; as a result we encourage clients to e-File and will notify you if there is any issue with doing so. A copy of your tax returns will also be mailed to you or sent electronically as a PDF file. We have various encryption and security methods to safeguard transmittal. Payment is required prior to e-Filing.

**Last Year's Tax Return:** If we did not prepare your taxes last year, please provide a copy of your 2008 federal and state income tax returns.

**Change in Filing Status and/or # of Dependents in 2009?** Please note: if you are a same sex couple that legally married in a U.S. state, your filing status is joint for state purposes and single or head of household for federal purposes.

**Dependents:** Please provide the name, date of birth, and social security number of each dependent and their relationship to you.

**State Residency:** If your state residency changed during the year, please provide dates of residency for each state.

**Audit & Tax Notice Advantage Program:** Do you wish to participate in Martin & Wall's Audit & Tax Notice Advantage Program to cover expenses for answering inquiries from taxing authorities and/or for any potential IRS or State audits? (See program description for details). YES \_\_\_\_\_ NO \_\_\_\_\_.

## **Estimated Taxes Information**

**Estimated Tax Payments in Made in 2009:** Please provide the amount and date(s) of payment(s) for the 2009 tax year (including payments in January 2010 for 2009 taxes). Please separate payments made to federal and state jurisdictions.

**Estimated Tax Payments in Projection for 2010:** Do you want us to produced estimated tax payment vouchers for tax year 2010? YES \_\_\_\_\_ NO \_\_\_\_\_. If you are self-employed, or receive significant income from a source not withholding taxes, it is advisable to consult with us on making estimated taxes payments or adjusting withholding from wages (if that applies). If yes, please base estimated tax payments on an estimated adjusted gross income for 2010 of:

\$ \_\_\_\_\_.

## **Income Information**

**W-2 Statements from Employer(s):** Please provide all W-2s.

**Interest (Schedule B):** Please include all 1099-INT, 1099-OID or any other statement showing interest or dividends. Some banks, mutual funds, and brokers combine the 1099 with your end of the year statement.

**Investments & Dividends (Schedule D):** Please include your 1099-Bs and 1099-DIV and a copy of your year-end mutual fund(s) and/or brokerage account statement(s) for non-retirement accounts. Please be prepared to provide the cost basis for any stock sold. A **Schedule D Worksheet** is provided as an appendix to this tax organizer to help you calculate capital gains and losses.

**Rental Income (Schedule E):** If you receive income from the rental of real property, please summarize income, expenses and capital improvements in accordance with the attached **Schedule E Worksheet**. Major expense categories are mortgage interest, real estate taxes, condo or association fees, repairs, yard maintenance, insurance and advertising for tenant. Please provide form 1098 showing mortgage interest and real estate taxes. Also, please provide a settlement sheet for the property if you have not already done so. Please note that the District of Columbia has a separate **Unincorporated Business Franchise Tax Form (Form D-30)** that applies if your gross rents received are \$12,000 or greater.

**State Tax Refund:** If you received any state tax refunds, please provide the 1099-G and a copy of your prior year federal and state income tax returns.

**Self Employment (Schedule C):** Please provide a summary of your income, business expenses, equipment purchases for the business, information on home office deduction (if applicable), business use of vehicle (if applicable) and health insurance premiums (if applicable) in accordance with the attached worksheet. We will assist you in accounting for all your expenses and placing them in the proper categories. See our **Schedule C Worksheet** attached to this tax organizer. Additionally, please note the District of Columbia has an Unincorporated Business Franchise Tax Form (D-30) that may apply. If you provide a service and perform 80 percent or more of the work yourself, and capital is not a material contributor to your business, you meet the exemption from filing.

**Social Security or Disability Benefits:** If you received social security or disability benefits, please provide the annual statement from the Social Security Administration.

**Retirement Benefits:** If you received pension or other retirement benefits, including early distributions, please include the 1099-R. Early withdrawals from IRAs (except for rollovers) are taxable in the year of distribution.

**Sale of Residence:** Did you sell your principal residence during 2009? Did you live in this home for more than 2 years? If you did not live in this home for more than 2 years why did you move? The IRS is now allowing more taxpayers to prorate the capital gains exemption due to “unforeseen circumstances.”

If your residence was previously a rental property or second home, new rules for prorating apply.

**Cancellation of Debt:** If a creditor cancelled a debt you owed during 2009 in excess of \$600, foreclosed on real property you owned, or you abandoned a secured property interest, you may have income. Please include any 1099-A, *Acquisition or Abandonment of Secured Property*, or 1099-C, *Cancellation of Debt*, that you received.

**Other Income?**

## **Retirement Fund Information**

Please provide the annual statements for all retirement funds and tax-deferred annuities where there were contributions or withdrawals. Also please review the questions below and fill in all applicable items.

**Conversion to Roth IRA:** If you converted a traditional IRA into a Roth IRA in 2009, this is treated as an early withdrawal of funds and is subject to income tax. Please provide the dollar amounts. Additionally, special rules apply to conversion of nondeductible contributions to a traditional IRA into a Roth IRA.

Did you **contribute any funds** to a traditional IRA or a SEP/IRA, or other type of deductible retirement plan (exclude tax free rollovers) for the tax year 2009? (This could include payments in the first part of 2010 that were designated as 2009 contributions).

Did you **withdraw any funds** from a traditional IRA, a Roth IRA, a SEP, a 401(k), a 403(b), nondeductible contributions to a traditional IRA, or other type of retirement plan (exclude tax free rollovers)?

Did you **borrow any funds** from a traditional IRA, a Roth IRA, a SEP, a 401(k), a 403(b), nondeductible contributions to a traditional IRA, or other type of retirement plan (exclude tax free rollovers)? Were those funds paid back prior to the penalty period?

## **Credits, Adjustments & Itemized Deductions**

**Home mortgage interest, real estate taxes, points, closing costs:** Please provide a form 1098 for each property. If you purchased and/or sold any properties during 2009, please provide the settlement sheet for the applicable properties.

**Charitable Contributions:** For all charitable contributions, please provide the name of the organization, whether the contribution was cash or other items (such as clothing and household items) and receipts, if possible. Non-cash contributions of \$500 or more require additional documentation. Non-cash contributions of \$5,000 or more require a written appraisal from a professional appraiser.

**State Income Taxes Paid:** Please provide a copy of last year's state and federal tax returns so we can determine if any state taxes paid for prior year liabilities are deductible in the current year.

**Sales Taxes Paid:** Taxpayers now have the option to claim sales taxes paid as an itemized deduction instead of state income taxes paid. Only one or the other can be claimed. For most taxpayers, the sales tax deduction will be determined by a table based on your income. However, if you had any big ticket purchases incurring sales tax, you may be able to provide evidence of a higher deduction.

**Sales Taxes Paid on Automobiles:** An additional standard/itemized deduction is available to taxpayers for the sales and excise taxes paid on the first \$49,500 of an automobile purchased between February 17, 2009 and December 31, 2009.

**Unreimbursed Medical & Dental Expenses:** If you had a significant amount of medical or dental expenses that were not covered by insurance or paid by another party, you may be entitled to a tax deduction. Travel to and from a medical facility may be deductible (mileage, parking and tolls). Please provide documentation of expenses and discuss the issue with us.

**Unreimbursed Employee Business Expenses (Form 2106):** If you are an employee receiving a W-2 and paid for job related items (e.g. books, training courses, dues to professional organizations, etc.) without being reimbursed by your employer, you may be entitled to a deduction. Please provide a summary of expenses by category and receipts, if available.

**Energy Credits:** Have you made any improvements to your primary residence related to energy efficient equipment or energy conservation? If so, you may be able to claim the *Nonbusiness Energy Property Credit* or the *Residential Energy Property Credit*. These credits cover improvements such as windows, doors, and skylights, as well as home heating, solar energy, and geothermal equipment. Please detail your expenditures and inquire about how to maximize your deductions.

**Child Care Expenses:** If you pay for child care, you may be entitled to the Child and Dependent Care Credit (not to be confused with the Child Tax Credit) depending on your filing status, AGI, amounts paid, and other factors. Please provide details of child care expenses. **Important: In order to claim the child care credit, we must have the name, address and federal tax identification number of the child care provider.** Please also inform us if you participated in an employer plan that allows for a pretax deduction for dependent care expenses (up to \$5,000).

**Domestic Help (or Nanny):** Please note that if you employ domestic help, you may be subject to additional tax and filing requirements as a household employer. Please indicate how much was paid, on a quarterly basis, and please provide your Employer Identification number along with any state registration account numbers.

**Moving Expenses:** If you moved over 50 miles from your prior residence in 2009, you may be entitled to a deduction for the transportation and storage of your household items and personal effects.

**Education Expenses:** Taxpayers may deduct educational expenses (tuition) as an adjustment to gross income or claim a tax credit. Please list any tuition or other educational expenses paid for by you in 2009. We will optimize the choice automatically for you.

Expenses apply to the student's first four years of undergraduate study.

**Student Loan Interest:** Interest on student loans is now deductible in certain circumstances.

**First Time Homebuyer Credit (all jurisdictions):** First-time homebuyers who purchase a principal residence between January 1, 2009 and April 30, 2010, are entitled to claim a credit equal to 10 percent of the purchase price of the home (not to exceed \$8,000). Additionally, homebuyers seeking to purchase a second principal residence **may** be entitled to a reduced credit (\$6,500) in certain circumstances. Please inquire if you think you may qualify for this credit and provide a copy of the settlement sheet for the property purchased.

**DC First Time Homebuyer Credit:** The DC First Time Homebuyer Credit has been extended until December 31, 2009. If you purchased a principal residence in the District of Columbia, have not owned property in DC for the year prior to purchase, and have not claimed the credit before, you are entitled to a \$5,000 federal income tax credit if your adjusted gross income is \$70,000 or less. The credit phases out pro rata up to AGI of \$90,000 (e.g. you would receive a \$2,500 credit if your AGI was \$80,000). Please note, this credit is not available if you are able to claim the First Time Homebuyer credit noted above.

## **Carryforward Information**

In certain circumstances, depreciation amounts, net operating losses and other items on a prior year return need to have certain amounts carried forward to the current year.

**Carryforwards from Prior Years (only if we did not prepare your tax returns in 2008 otherwise the information is in our files):** Please indicate if you are aware of any carryforwards from prior years from the following activities:

- Depreciation of assets purchased in prior years
- Capital losses subject to the \$3,000 limitation against active income per year
- Alternative Minimum Tax
- Passive activity loss limitations
- Tax credits not fully used in prior years
- Other carryforwards

If carryforwards apply, it is important for us to have the tax returns from all tax years with the activity generating the carryforward.

## **Foreign Account Reporting**

**Foreign Bank Account:** Did you have an interest in or signatory authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? If so, you may be required to file form TD F 90-22.1 with the Department of the Treasury.

**Foreign Gifts:** If you received gifts of money or other property from an individual who is not a resident of the United States, you may be required to report this to the IRS. Such gifts are reported on an informational return, not a tax return, and are not taxable.

## **Other Concerns**

Please feel free to talk to us about any other information relevant to your 2009 taxes.

## **Tax Planning for 2010**

The time to start planning a strategy to minimize your 2010 taxes is now. Please note any significant plans for 2010, such as the purchase or sale of real estate, the sale of large blocks of stock, change of employment and other material events.

### **Technical Assistance for Clients**

Martin & Wall, P.C. maintains a website with resources for clients in many areas, including summaries of tax law changes. Our website is:

<http://www.martinwallcpa.com>

Additionally, at the end of this tax organizer there is a series of worksheets to help you tabulate your income and expenses.

Self-Employment	Schedule C Worksheet
Capital Gains & Losses	Schedule D Worksheet
Rental Property	Schedule E Worksheet

### **Contacting Us**

Existing clients are welcome to drop off or mail in their tax documents in lieu of a formal meeting; however, if you wish to schedule an appointment, please contact Dana Barooshian.

Dana Barooshian

[dbarooshian@martinwallcpa.com](mailto:dbarooshian@martinwallcpa.com)  
(202) 332-3566 ext. 204

At Martin & Wall, all of the partners and associates work together as a team dedicated to serving your needs. If you have a quick question, e-mail is the best way to contact us.

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For anything other than a very quick question, it is best to e-mail us the question and suggest a convenient time for a meeting for a proper consultation.

We appreciate your business and your referrals.

## SCHEDULE C WORKSHEET (SELF-EMPLOYMENT)

Name of Business: \_\_\_\_\_  
 Type of Business: \_\_\_\_\_  
 Address of Business: \_\_\_\_\_

Total Revenue (1099s plus other revenue)	\$
Returns & allowances (refunds to customers)	\$
Cost of goods sold (most service providers do not use COGS)	\$

\*COGS is direct production costs, such as building materials for a carpenter. Wholesalers and retailers have a more complicated calculation related to goods available for resale.

EXPENSE CATEGORY	AMOUNT	COMMENTS
Advertising		
Commissions		
Employee benefits		
Insurance other than health		
Interest payments		
Legal & professional services		
Office expense (i.e. rent)		
Rent/lease equipment or vehicles		
Repairs & maintenance		
Supplies (generally anything below \$500)		
Taxes (not income or sales) and license fees		
Travel & Lodging		
Meals and entertainment		
Utilities		
Wages		
Telephone (local, long distance, cell)		
Postage & Delivery (U.S. mail, overnight delivery, couriers)		
Professional reference materials (books, magazines, training materials, etc.)		
Professional membership dues		
Continuing professional education		
On-Line Services (e.g. Internet, AOL)		
Other expenses?		

Special cost categories on following page.

# SCHEDULE C WORKSHEET (CONTINUED)

## Special Cost Categories

Special rules apply to equipment purchases, health insurance premiums, vehicles expenses and home office deductions. Please list equipment purchases in 2009 (date of purchase, purchase price, description of equipment), health insurance premiums, vehicle expenses (two methods, mileage vs. actual expenses) and home office deductions (total square footage, itemized costs, and portion of house, as a percent of total square footage, that is used for business purposes) on a separate sheet. These items will be discussed at our meeting.

## Prohibition on Payment of Wages to Owners

Internal Revenue Service Circular E specifically prohibits a sole proprietor or owner of an LLC from paying themselves wages. All withdrawals are considered withdrawals of owners' capital, which do not count as expenses.

## Bookkeeping Tips

Using an accounting software program, such as QuickBooksPro, is an easy way to track revenues and expenses. However, if you are unfamiliar with those programs, a more basic approach is a 14-column spreadsheet that tracks expense by category and month, and totals at the end.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Tot
Rent													
Supplies													
Etc													
	Tot	Tot	Tot	Tot	Tot	Tot	Tot	Tot	Tot	Tot	Tot	Tot	Tot

## State & Local Business Taxes & Registration Fees

Please note certain jurisdictions have local business taxes. For example, counties in Northern Virginia levy a gross receipts tax, which is a percentage tax on your gross revenue. Most jurisdictions, including Clark County, NV, have business licenses registration requirements that include any fees. Clark County also levies a flat tax per employee. For example, we pay \$300 per employee per year for all Las Vegas employees deemed "professionals." This is different from the Modified Business Tax in Nevada that is a payroll tax based on a percentage of total payroll. Please feel free to discuss these issues with us.

Sales and use taxes are an entirely different issue that varies widely from jurisdiction to jurisdiction. Some tax products only, others include certain services. The District of Columbia has a fairly complicated set of rules concerning which services are subject to sales and use tax.



## SCHEDULE E WORKSHEET (RENTAL PROPERTY)

Type of Property: (Residential rental, duplex, commercial bldg, etc.): \_\_\_\_\_

Do you occupy any of the property? \_\_\_\_\_

Address of Property: \_\_\_\_\_

Total Rent Received in 2009: \_\_\_\_\_

EXPENSE CATEGORY	DIRECT EXPENSE	INDIRECT EXPENSE
Advertising		
Cleaning & maintenance		
Commissions		
Insurance (property and PMI)		
Legal & professional fees		
Management fees		
Mortgage interest paid to banks		
Other interest		
Repairs (not capital improvements)		
Supplies (not equipment or improvements)		
Taxes (e.g.. real estate taxes)		
Utilities		
Condo or association fees		
Pest control		
Telephone		
Other expenses?		

### Direct vs. Indirect Expenses

If 100% of the property is rented, then list expenses as direct expenses. If the property is split between rental and non-rental portion, then all expenses directly attributable to the rental portion (like fixing a tenant's bathroom) are direct expenses, and other expenses, like mortgage interest and real estate taxes, or indirect expenses that the software will allocate between Schedule E and Schedule A based on percentage of business use (i.e. rental portion).

### Mandatory Activity Level for Rental Deductions

In order to classify a property as a rental property (as opposed to a second home or vacation home or investment), you must make an active effort to rent the property. This should be evidenced by receipts for advertising expenses or actual receipt of rent.

### Preparation of Property for Rental

If you purchase a property and make repairs or improvements prior to rental, we must "capitalize" all of those costs (lump together and depreciate) instead of deduct that year.

### Capital Improvements & Installation of Equipment vs. Repairs and Supplies

Repairs and supplies are day-to-day items that generally cost below \$500. For example, if you spent \$100 on a plumber to unclog a toilet, that is a repair. If you replaced the whole commode, it is a capital improvement (installation of new equipment). The purchase of a handful of tiles to replace cracked or water damaged tiles would qualify as supplies or repairs. Replacing an entire floor, or installing new carpeting, would be a capital improvement. General hardware items of low cost are supplies. Repairs and supplies are expensed in the year the expense is incurred. Equipment installation and other capital improvements are depreciated over their useful life. Please list equipment purchases and other capital improvements done in 2009.

Type of Equipment or Capital Improvement	Date of Purchase	Purchase Price

### Additional Local Taxes

Please note the District of Columbia has a separate **Unincorporated Business Franchise Tax Return (D-30)** that applies if gross rents received are \$12,000 or more.