PREPARING CHECKLISTS

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PREPARER'S WORK PROCESS AND PROCEDURES CHECKLIST

- ☐ Work carefully and deliberately
- ☐ Do not hand in work with mistakes
- ☐ Double check your work
- ☐ If possible look for an alternative way to check your work
- ☐ Compare the final return with previous year's return – line by line
- ☐ Avoid spelling errors, improper use of words and poor grammar
- ☐ Look at final result – ask yourself if it seems reasonable
- ☐ If there is an unexpected result, i.e. a large balance due or refund, you should find out why and explain it in the work papers
- ☐ If there are large differences in individual items or category totals this year when compared to last year, you should find out and explain why in the work papers
- ☐ Find out if a projection was prepared for this client and if so, reconcile any differences with the final result and put that in the work papers
- ☐ Make sure you understand the reasons for all differences
- ☐ "Large" and "substantial" differences might mean different things to different people – so if the difference is more than 10%, use that as the reference point. For example, if the adjusted gross income is $170,000 instead of $150,000, that is a greater than 10% difference; likewise if the refund is $10,000 rather than $8,500, that is a difference greater than 10%; also a balance due of $6.000 rather than $7,000
- ☐ Exercise judgment
- ☐ If something looks like a red flag that might cause an audit, question what it is
- ☐ Look at every page of final return – ask yourself if what you see makes sense
- ☐ If you need to look up or research something, do not spend more than 30 minutes on it. Afterwards you can ask for assistance.
- ☐ On a technical issue, do not ask for help unless you tried to find out the answer by yourself (using the 30 minute time budget). Include on your list of open items a brief summary of what you found out or weren't able to find out
- ☐ On non technical matters relating to a client, make a list of your questions, and when you reach a stopping point, ask your supervisor for help. Try to accumulate your questions. If you do not get a response within 3 days, please follow up with the supervisor

- ☐ If you need to contact a client for additional information, do so, and follow up every three days thereafter until you get the information. If you do not receive what you request after two follow up calls, notify your supervisor when it would be the time for you to make a third follow up call
- ☐ Use the tax comparison work sheets from your tax software to compare the last year's categories to this year's. For more involved returns prepare and review an Excel® tax comparison wiorksheet
- ☐ Follow uniform procedures and use worksheets documenting what you did wherever possible
- ☐ Make sure that all worksheets, schedules and lead sheets tie into amounts on the tax return
- ☐ Complete all checklists after reading each question or item *while you are working on the return*
- ☐ Respond to all open items in the software diagnostics so there are no items left for the reviewer to resolve or follow up on
- ☐ If client asked any questions or made comments on the data submitted, make sure of and indicate that all questions and comments were responded to or that manager or partner were told of the questions or comments
- ☐ Indicate on your workpapers whether another preparer pre-reviewed the detail input and enter their name
- ☐ Make sure you responded to all items you could if reviewer asked you to follow the Reviewer's Checklist
- ☐ Do not become guilty of upward delegation. Do as much as you possibly could so the reviewer or supervisor won't have to do something you could have

REVIEWER'S CHECKLIST FOR INDIVIDUAL TAX RETURNS

THIS CHECKLIST DEALS WITH PROCEDURAL AND NOT TECHNICAL ASPECTS OF THE TAX PREPARATION PROCESS. EXCELLENT PREPARER CHECKLISTS THAT REVIEWERS COULD USE ARE AVAILABLE FROM THE AICPA TAX DIVISION, PPC AND OTHER SOURCES. I REFER YOU TO THOSE CHECKLISTS WHEN YOU REVIEW TAX RETURNS.

Client_________________________ Year______ Date Prepared___________ By_____________

Following is a suggested checklist of things for the reviewer to do:

- ☐ Review client's name and address, Social Security numbers and business code (if applicable) (if this is first year doing this client's return)
- ☐ If client showed a change of address,was there a sale of residence to be reported or part year state returns, or was change of address required to be reported to a tax authority
- ☐ Were all required State and Local tax returns prepared
- ☐ Was proper tax filing status used
- ☐ Review current and prior year's summary or comparison worksheet, and projection if one was prepared, and explanations for large variances, differences, inconsistent amounts, and surprise items
- ☐ Compare last year's return with this year's return if comparison worksheet was not prepared
- ☐ Were last year's unusual or large items reviewed to see if they were applicable for this year
- ☐ Verify that estimated tax payments were made
- ☐ Review that estimated tax payments and withholding taxes were entered properly on Tax Payments Worksheet, and that withholding tax ties into W-2s and other documents
- ☐ Review that estimated payments were calculated properly for the current year
- ☐ Review K-1 input
- ☐ Review W-2 input
- ☐ Total of all 1099s should tie in with amounts on return
- ☐ Were carryforwards entered properly and accounted for
- ☐ Were suspended losses properly treated
- ☐ Were gross sales from security transactions reconciled with 1099s (use form we have)
- ☐ Review cost basis that client provided, or that were on 1099s and also for wash sales, and stocks received as a gift or inheritance
- ☐ Were deductions for worthless stock or non business bad debts considered and properly documented
- ☐ Compare state to federal returns to see that add backs and reductions seem logical
- ☐ If a trial balance or financial statement was provided for client's Schedule C business, reconcile any book to tax differences or adjustments and that they appear reasonable
- ☐ Were elections made for clients that are real estate professionals or stock traders
- ☐ Was the Qualified Business Income (QBI) deduction (Sec. 199A) considered and documented
- ☐ Have all applicable bonus and accelerated depreciation deductions been applied
- ☐ Are hobby loss rules applicable

- ☐ Were unreimbured outside partnership expenses considered and deducted on Schedule E
- ☐ If client is over age 70 ½ were all required minimum distributions taken
- ☐ Was kiddie tax considered for children under age 24
- ☐ Were tax preparation and planning fees allocated to Schedules C or E or other categories of income
- ☐ If client made charitable contributions from their IRA was it properly treated on Federal and State returns
- ☐ Was there any circumstance requiring the filing of Form 5329 for additional taxes on retirement plans
- ☐ Are health insurance Forms 8962 and 8965 applicable
- ☐ Were items on flag sheets, notes based on discussions with client during the year, special instructions and knowledge points in tax control considered
- ☐ Look at client's correspondence and notes that accompanied their tax information to see if applicable to the tax return preparation or if it requires separate follow up actions
- ☐ Address any notes or comments by a partner
- ☐ Look at tax notices received last year to see if they affect current year's return
- ☐ There should be no diagnostics, open or unresolved items
- ☐ All questions on the preparer's checklist (if checklists are required) should have responses
- ☐ Address S Corporation distributions to client in excess of AAA or with negative capital
- ☐ If self-employment income, was a SEP or other pension plan payment made or considered
- ☐ If client did not make maximum IRA or Roth IRA contributions, were they made aware of it
- ☐ Was question for foreign bank accounts or signatory powers checked on organizer and FinCEN Form 114 prepared if required
- ☐ If question on organizer was not checked, was client asked if they had a foreign account or signatory powers: ___Yes, ___No (If no, make sure they are asked question) and proper box should be checked
- ☐ Review AMT adjustments, calculations and opportunities to use AMT credit from prior years
- ☐ Are filing and estimated tax instructions correct
- ☐ All penalties, interest, underpayment and late filing penalties should be calculated
- ☐ Look at every page of completed return and review for any obvious red flags or audit triggers
- ☐ Was there any follow through by client on tax or financial planning recommendations made last year. Report any comments:

  ____

  ____
- ☐ Were opportunities identified for tax or financial planning for the client. This should be followed up after tax season. Put on tax calendar with date. If not included on separate checklist, list here:

  ____

  ____

REVIEWER'S CHECKLIST FOR BUSINESS TAX RETURNS

THIS CHECKLIST DEALS WITH PROCEDURAL AND NOT TECHNICAL ASPECTS OF THE TAX PREPARATION PROCESS. EXCELLENT PREPARER CHECKLISTS THAT REVIEWERS COULD USE ARE AVAILABLE FROM THE AICPA TAX DIVISION, PPC AND OTHER SOURCES. I REFER YOU TO THOSE CHECKLISTS WHEN YOU REVIEW TAX RETURNS.

Client_________________________ Year_____ Date Prepared___________ By_____________

Following is a suggested checklist of things for the reviewer to do:

- ☐ Did partner or manager review the input and result Yes____ No____ (if No, this should be done before you review return)
- ☐ Review client's name and address, business code, State of incorporation or organization and all EINs and owners[1] Social Security numbers (if this is first year doing this client's return)
- ☐ Pass through entities: managing owner should have submitted an updated address list
- ☐ Pass through entities with change in ownership: verify that the dates of change and income allocations were entered and allocated properly
- ☐ For first year, make sure all the proper elections have been made such as accounting basis, inventory method, Sections 263A and 409A, S Corporation (including States), mark to market for traders, depreciation and amortization. For later years make sure return is consistent with elections
- ☐ Was Section 199A considered and properly handled
- ☐ Make sure all questions on return have been answered
- ☐ Determine that accounting basis listed on the tax return is consistent with the income statement and balance sheet presentation on tax return (for example, if the cash basis is checked, make sure the balance sheet on the tax return is prepared using the cash basis; and that there are no A/R, bad debts or inventory for a cash basis company). *Note that this is a vague area and each firm should determine what the appropriate balance sheet presentation should be*
- ☐ Tie in retained earnings or capital accounts balances with trial balance[2] and tax return
- ☐ Make sure the time spent by officers is reflected as a percentage and not as "all" or "part"
- ☐ Review book to tax adjustment reconcilaition and tie in totals to trial balance
- ☐ If financial statement was prepared, review note regarding income taxes for inconsistencies
- ☐ Determine that the individual amounts on book to tax reconciliation appear reasonable
- ☐ Check that cash balance on tax return agrees with year end bank reconciliations
- ☐ Check that totals of fixed assets and accumulated depreciation and amortization on balance sheet of tax return agrees with depreciation and amortization schedules
- ☐ Verify that gross payroll on tax return agrees with gross payroll on W-3
- ☐ Tie in total of all 1099s client prepared with amounts on return
- ☐ Reconcile sales on the client's sales tax returns with the sales on the income tax return

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[1] The term owners used here refers to stockholders, partners or members, as the case may be

[2] Even though "trial balance" is used in this check list, you can use the Company's financial statements if that was what was used for the preparation of the tax return, or computer generated statements

- ☐ Have all applicable bonus and accelerated depreciation deductions been applied
- ☐ If company is on accrual basis, were accruals timely paid after year end
- ☐ Determine if pension accruals were properly calculated and timely and properly paid
- ☐ Was interest properly paid, received, or accrued on loans to/from related parties
- ☐ Obtain explanations for large variances, differences, inconsistent amounts, and surprise items appearing on tax return as compared to prior year and/or projections if prepared
- ☐ Were estimated tax payments entered properly on Tax Payments Worksheet
- ☐ Were estimated payments calculated properly for the current year (If a C Corp and earnings over $1,000,000 any one of last three years, different estimated tax payment rules apply)
- ☐ Are there unreasonable compensation or unreasonable accumulation of earnings issues
- ☐ Review K-1 input and tie in to distributions and investments during the year per the books
- ☐ Were carryforwards entered properly and accounted for
- ☐ Were gross sales from security transactions reconciled with 1099s (use form we have)
- ☐ Compare federal to state returns to see that add backs and reductions seem logical
- ☐ Address S Corporations that had distributions in excess of AAA or with negative capital
- ☐ Were there foreign relationships, transactions or ownership which require special forms such as 8804, 5471, 5472 or FinCEN Form 114
- ☐ Were items on flag sheets, notes based on discussions with client during the year, special instructions and knowledge points in tax control considered
- ☐ Look at client's correspondence and notes that accompanied their tax information to see if applicable to the tax return preparation or if it requires separate follow up actions
- ☐ Address any notes or comments by a partner
- ☐ Look at tax notices for last year to see if they affect current year's return
- ☐ Should be no diagnostics, open or unresolved items
- ☐ Were all questions on the preparer's checklist (if one was required) answered. Should be no unanswered items
- ☐ Are filing and estimated tax instructions correct
- ☐ All penalties, interest, underpayment and late filing penalties should be calculated
- ☐ Look at every page of completed return and review for any obvious red flags or audit triggers
- ☐ Was there any follow through by client on tax or planning recommendations made last year. Report any comments:

  ____

  ____
- ☐ Were opportunities identified for tax or planning for the client. This should be followed up after tax season. Put on tax calendar with date. List here:

  ____

  ____

REVIEWER'S REVIEW NOTES

Client________________________ Year____

Preparer________________________ Reviewer________________________ Date _________

Date discussed with preparer___________, How discussed: __in person, __over phone, __by email

Addl date discussed ___________, How discussed: __in person, __over phone, __by email

Addl date discussed ___________, How discussed: __in person, __over phone, __by email

Error or issue	Corrective action taken	Corrected by	Re-reviewed and corrected or additional comment	Reviewer

Additional comment(s) by reviewer____

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REVIEWER'S PRE REVIEW OF COMPLICATED TRANSACTIONS

Examples of complicated transactions that would delay the review process and that can be reviewed while the transaction is taking place, or soon afterwards:

- ☐ 1245 and 1250 recaptures
- ☐ 1231 losses
- ☐ 754 basis step up – these can be reviewed as soon as the estate or sale is signed off on
- ☐ Payment of personally guaranteed debt of a dissolved S corporation or C corporation
- ☐ Section 1244 losses
- ☐ Purchase/sale price allocations and intangibles
- ☐ Grantor trust flow through amounts, reporting of them and verification that the trust did not get and use its own TIN
- ☐ Termination during the year of the grantor's right to affect transactions that make the trust no longer a grantor trust
- ☐ Transfers during the year of partnership and S corporation ownership interests
- ☐ Allocation of estimated tax payments for a couple that was divorced during the year
- ☐ Get copies of divorce and separation agreements when executed to ascertain tax treatment and possible basis adjustments
- ☐ Employment severance payments
- ☐ Deferred compensation agreements or payments and possible Section 409A issues
- ☐ Employee exercising incentive stock options or non-qualified stock options or receiving and/or selling restricted stock
- ☐ Sales of a business
- ☐ Sales of rental property
- ☐ Sales of vacation homes or non-primary residences
- ☐ Donations of art work or other assets with a value greater than $5,000
- ☐ Gift transactions that will be reported on a Form 709 where business interests are transferred to family members and the valuation will be reported and basis will be needed and if valuation discounts were taken
- ☐ Sale of very low basis property in an S corporation where the shareholder has a very high basis in their stock (such as when they purchased the stock of a C corporation and elected S status and the BIG period expired) to make sure the S corporation is liquidated in the year of sale so the basis can be applied

TOP 12 TAX RETURN PREPARATION ERRORS

1. **Number transposition and spelling errors**. This includes income and deduction amounts and client Social Security numbers, addresses and zip codes. Spelling errors should also be avoided – they indicate a lack of attention to what you are doing

2. **Unreported 1099 income**. Clients frequently leave out 1099s, but the preparer should make sure all 1099 items from last year are accounted for. Missing 1099s that were not final for last year should be accounted for

3. **Tax payments**. Entering incorrect and unpaid amounts can be avoided by requiring the client to provide "proof" of the payments. "Incorrect" amounts provided by the client is a major cause of tax notices

4. **Keeping review notes after the return is completed**. This can create liability issues if there is ever a controversy over the return. Review notes usually deal with errors and omissions and the type and quantity of them can indicate a lack of training or adherence to processes or care, or improper procedures. Retaining these notes cannot ever help you

5. **Not correcting reason for tax notices for prior year on this year's return**. This is a no brainer, but for many preparers there is a disconnect between a notice for last year's return and the preparing of this year's return

6. **Not questioning numbers that stretch the imagination**. My imagination is likely to be different from yours, but a client with high debt indicated by mortgage and home equity loan interest usually won't be making cash charitable contributions equal to 8 percent of their gross income. Likewise for maximum allowable IRA contributions. Explain the requirements for substantiating these deductions and ask client if they have it

7. **Not following up enough with clients to get missing information**. This could create last minute rushes and unhappy clients, even though it was because of client's lack of response

8. **Not specifically asking clients** if they have, can sign or control a foreign bank account

9. **Not telling client about items that aren't on return** such as traditional and Roth IRAs, SEPs, making charitable contributions with appreciated stock, claiming a grown child with minimal income who lives with client as a dependent, or signing up for an employer's 401k plan and/or flexible spending account, partial exercising of ISOs to avoid AMT or potential for a Section 83(b) election for restricted stock or ISO awards

10. **High mortgage interest deductions**. Excessive amounts (usually over $50,000) are a red flag for the IRS. Make sure the interest is not from excessive mortgages, that the funds were used for proper purposes or that the interest tracking rules have been complied with and if mortgage proceeds were used for investment purposes, it is properly reflected on the return

11. **Alternative minimum tax.** Watch for unapplied AMT credits and AMT NOLs, and state tax refunds reported as income even though not deducted in prior year because of AMT

12. **Not calling a client to relay unexpected (and especially bad) results**

CHECKLIST OF 46 TAX FILING ERRORS CLIENTS SHOULD AVOID

This was posted at the www.partners-network.com blog and is directed at clients. It is included here to indicate the types of typical errors clients make, and can serve as a heads-up to clients. It can also be a heads-up of what types of errors preparers should try to avoid.

Taxes are hard enough without making avoidable errors. Before you file, double check to make sure you do not make these errors.

1. Not signing the return (if you file paper copies)
2. Number transposition and spelling errors
3. Unchecked or unanswered questions
4. Entering incorrect or unpaid estimated tax payments
5. Missing pages in a paper filed return
6. Not correcting reason for a tax notice for a prior year, on this year's return, if there is a continuing issue
7. Underpaying or overpaying [Ugh!!!] the tax due
8. Sending your tax check or making out the check to the wrong tax agency
9. Not calculating underpayment penalty (on Form 2210), if applicable
10. Not calculating a penalty on an early withdrawal from a retirement or IRA account
11. Calculating a penalty on a permissible early withdrawal from a retirement account
12. Paying tax and penalty on IRA distributions that were timely rolled over to another IRA account
13. Not calculating a penalty if you took more than one 60-day tax free rollover in a 365-day period
14. Not filing Form 5329 (Additional Taxes on Qualified Plans Including IRAs and Other Tax-Favored Accounts) when it was required and if being filed separately from tax return, it must be signed
15. Not calculating self-employment tax on freelance income or commissions
16. Information from K-1 schedules entered incorrectly or withholding tax on those forms not properly claimed as a tax payment credit
17. Responding to an email notice from a tax agency – they do not send emails. You received spam
18. Your paid preparer did not sign your return or enter their ID number
19. Claiming the wrong exemptions or omitting a correct Social Security Number
20. Claiming an exemption for someone that properly can claim themselves (this can occur when a dependent marries during the year and files a joint return; or no longer qualifies as a dependent such as because of excessive income and/or is not a student for at least five months of the year or is a student and over age 24 at end of the year; or a child you support where your ex-spouse is entitled to the exemption under a divorce agreement)
21. Omitting a Social Security Number for someone you paid alimony to
22. Not itemizing deductions when you should have
23. Claiming excessive home mortgage interest deductions is a red flag. Interest on home mortgages over $1,100,000 is not deductible
24. Deducting points in full on refinanced mortgages, instead of amortizing them
25. Reporting mortgage interest and real estate taxes on rental properties as itemized deductions
26. Not claiming investment interest costs properly and not being aware of limitations or interest tracing rules
27. Omitting or reporting incorrect state tax payments and withholdings as an itemized deduction

28. Reporting deductions that stretch the imagination, e.g. someone with high debt indicated by a high mortgage and extensive home equity loan interest (not reportable) usually won't be making cash charitable contributions equal to 16 percent of their gross income
29. Not properly picking up carry forward expenses or credits from the prior year's return. This includes charitable contributions, investment interest expense, net operating loss deductions, capital losses, suspended losses from passive activities, alternative minimum tax credits and foreign tax paid credit
30. Reporting as income the state tax refund you received and that was reported on a 1099 when you did not get a full deduction for that on your prior year's return because you claimed the standard deduction or all or part of the payments were "disallowed" because you were subject to the alternative minimum tax
31. Not correctly answering foreign account questions on bottom of Schedule B especially when Schedule B is not otherwise required to be filed and then not filing the FBAR FinCEN Form 114
32. Overstating charitable contributions or deducting contributions you did not make, or overvaluing non-cash contributions
33. Not having proper charitable contribution receipts in your possession when you file your return claiming those deductions
34. If you made non-cash contributions over $500 additional forms must be attached to your return
35. Not having a certified appraisal if you made a gift of tangible property over $5,000. The entire contribution can be disallowed because of this
36. If your income is sufficiently high, not adding the 3.8% tax on net investment income or the .9% tax on earned income
37. If you were a "real estate professional" that did not claim yourself as such you possibly subjected yourself to the tax on net investment income
38. Reporting incorrect cost basis on sales of capital assets. This is common with inherited stocks, stocks received as a gift, or with dividend reinvestment account accumulations or where you had a previous wash sale
39. Not treating wash sales properly. If you have a wash sale, any losses are not deductible but increase the basis of the purchased shares that caused the wash sale
40. Reporting gross sales from brokerage transactions that are less than the amounts reported on the 1099s issued by your brokers
41. Not reporting proper basis on employer stock sales that were also reported as income on your W-2 form
42. Self-correcting and reporting the "correct" amount where you received an incorrect 1099 (and cannot get a corrected 1099 in time to file your return). You should report on your return the amount on the 1099, even if it is wrong, and subtract as an adjustment on another line (e.g. line 21) so the net amount is the proper income you received
43. Omitting allowable IRA, Roth IRA, SEP or other retirement plan contributions
44. Omitting paying payroll taxes on your individual tax return for household employees
45. You should self-check your return by a line by line comparison to last year's return and understand large or illogical differences
46. Inputting incorrect bank account numbers and information for your tax payment or refund

And… make sure you e-file or mail your return by the April 15, 2019 due date!

REVIEWER QUALIFICATION TEST

The primary people that should review tax returns are trained tax department reviewers. However, often the bunching and compression of work shifts some of the review to higher level non tax personnel such as audit managers and partners who might not necessarily have the comprehensive training, background, and experience to handle everything that might come up during the tax preparation process. Additionally, in many firms, almost everyone on the staff prepares some returns, and that lack of dedicated preparers with the trained skills places an added burden on the tax reviewers, making it important for them to have the range of experience needed to perform the review.

Following are 10 questions reviewers should be able to answer to qualify for their role. *Note:* Whether or not you agree with the questions below, you have to consider a method for making sure reviewers are qualified. Doing so should also include reviewer-appropriate CPE and in-house training.

1. What is the latest date a simplified employee pension (SEP) plan can be opened for last year for a sole proprietor?

2. What date is used as the “date purchased” to report a stock transaction that includes an unallowed loss because there was a previous wash sale?

3. Are extra payments made to an ex-spouse to cover unanticipated increases in tuition in her nursing school deductible as alimony?

4. What is the maximum federal capital gains tax rate from any portion of the gain on commercial real estate that an individual tax client sells?

5. When would you use the annualization exception for the 2210 penalty?

6. How are individuals taxed on section 1256 gains?

7. How would you advise a client who makes large amounts of annual charitable contributions and typically reports large long-term capital gains?

8. What cost basis is used when a client sells at the point of vesting employer-issued restricted stock shares that had no cost and the stockbroker has provided a 1099-B showing proceeds of $8,100? Use an approximate amount for the cost basis for your answer.

9. What would a minimum strategy be for a client with a low mortgage and minimal medical expenses and $10,000 in charitable contributions?

10. What is the equivalent taxable interest amount for a client with 4% municipal bond interest if his or her marginal federal tax rate is 25% (assume no state tax)?

ANSWERS

(No peeking)

1. It can be opened through the latest due date, including extensions, of the tax return.

2. The date the first or original lot of stocks was purchased.

3. Voluntary payments to an ex-spouse are not deductible as alimony.

4. Pre-1987 recaptured depreciation on real estate is taxed at ordinary income rates; 1987 or later recaptured depreciation on real estate is taxed, for 2018 tax reporting, at a top capital gains rate of 25% and might be subject to an additional 3.8% tax for net investment income.

5. When the income or deductions are earned erratically, bunched or not received or paid equally during the year and it results in a lower or no 2210 penalty.

6. The gains are taxed as 60% long-term capital gains and 40% short-term capital gains regardless of holding period.

7. To consider donating appreciated long-term-held securities. The client would get a charitable deduction for the fair market value of the securities and not have to report the capital gain income.

8. The employer is required to report the entire gain as wages on the employee's Form W-2. I would use $8,100. However, the technically correct answer is the cost should be the fair market value on the date vested, before deduction for the broker's commission. Doing it this way would result in a capital gain or loss equivalent to any changes in value until sold and a capital loss for the amount of the broker's commission. A practical solution on small transactions is to use the net proceeds.

9. To consider using the standard deduction going forward and loading up this year with the next few year's charity either accelerated or put into a donor advised fund (or if client is over 70 ½ to use part of their RMD for charity)

10. 5.33%. Divide 4% by 75% (1 – 25%).

CHECKLIST OF QUESTIONS TO ASK A NON-FILER WHO WANTS TO FILE THEIR DELINQUENT RETURNS

Client___________________________ Date___________ Preparer________________

- ☐ What caused or prompted you to decide to file now?
- ☐ Was there any sort of contact [either by mail, telephone or in person] by a tax agency
- ☐ Can we see what was given to you or what you received
- ☐ If there was an in-person contact, what were their names, agency and title or position
- ☐ If there was an in-person contact, how many people were there from the agency?
- ☐ Are you married?
- ☐ If you are married, the questions also apply to your spouse for the periods you were married
- ☐ Are you a U.S. citizen or resident
- ☐ What state are you a resident of
- ☐ When was the last U.S. tax return you filed
- ☐ How many years have you not filed
- ☐ What country or state have you lived during this period
- ☐ If you lived in another country did you file all required tax returns in that country
- ☐ Do you have non U.S. bank or brokerage accounts
- ☐ Are you a grantor, beneficiary or trustee of any type of trust
- ☐ Why returns were not filed
- ☐ What was the source of your revenue, e.g. job, business, interest and dividends
- ☐ Have any estimated taxes been paid
- ☐ Were you ever subject to back up withholding
- ☐ Where was the revenue earned
- ☐ Do you have funds to pay any past due taxes, interest and penalties

ADDITIONAL SERVICES CHECKLIST FOR CLIENTS

This checklist should be reviewed with the client and the recommended or needed services should be discussed with client. Indicate disclaimer at bottom of checklist.

Client______________________________

Date___________________

Prepared by_________________________

The following services were identified that the client might benefit from.

- ☐ Review adequacy of life insurance based on our discussion of family's financial needs
- ☐ Client indicated they do not have a will. We can consult on what should be in the will
- ☐ If client has a concern about their estate plan, we can advise them based on their desires
- ☐ Client said they do not have a buy-sell agreement with their business partners. We can consult on the terms that should be in the agreement and ways to value the business
- ☐ Client expressed goals of when they want to retire. We can help them develop a financial plan leading them toward achieving these goals
- ☐ Client indicated a concern about cash flow in retirement. We can review their present assets and accumulation plans to illustrate if they can achieve the targeted cash flow
- ☐ Client needs a separate tax planning consultation
- ☐ Client is subject to Alternative Minimum Tax. Client should schedule a pre year-end meeting
- ☐ Client should have a pre year-end tax planning meeting and projection
- ☐ Client indicated that they might have a big change in their income this year. Client should call us when it appears it will occur – *before* the event takes place
- ☐ Client's estimated tax payments do not protect them from penalty. Client needs to inform us before each payment is due so we could calculate protective estimated payments. Note: Due dates are Apr 15, June 15, September 15 and January 15 of current year
- ☐ Client is going through a marital separation. Client should schedule an appointment to discuss the financial and tax aspects of the separation, and possible divorce, and valuation of businesses, if any
- ☐ Client should consider a retirement plan for their business and should call for a consultation
- ☐ Client has a household employee and needs further information
- ☐ Client makes large charitable contributions and needs a consultation on tax advantaged ways to make them
- ☐ Client expects a substantial inheritance in the future
- ☐ Client has a relative they are responsible for handling their financial affairs
- ☐ Other____

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NOTICE TO CLIENT: We assume no responsibility to perform these services. Consultations are available for additional fees. Please call our office to schedule a meeting.

SAMPLE LISTING OF ADDITIONAL SERVICES FOR TAX CLIENTS

The following listing provides ideas of what types of additional services tax clients might need. This list is not complete, but it is a good start for you to start thinking about what types of additional services you can offer to your clients!

1. Estate planning
2. Inheritance advice and guidance
3. Succession planning
4. Personal financial planning
5. Investment allocation construction
6. Investment management
7. Investment clubs
8. Elder care assurance services
9. Business performance measurement services
10. QuickBooks ® training and consulting
11. Outsource business and back office services
12. Outsourced CFO services
13. Outsourced corporate tax preparation – income taxes, executive tax preparation, sales taxes, state registrations
14. Second opinions
15. Business valuations
16. Retirement planning and counseling
17. Pension planning
18. IRA distribution analysis
19. IRS tax audit protection service
20. Conflict resolution
21. Single couples living together planning
22. Second marriage assistance
23. Pre-nuptial agreement analysis
24. Divorce settlement planning
25. Conflict resolution
26. Buying and selling a business assistance
27. Starting a business
28. Buying a franchise
29. Entering a partnership
30. Getting stock in a corporation
31. Receiving stock options
32. Projecting financial aspects of proposed actions
33. Basis calculations for pass through activities
34. Employment contract negotiations
35. Executive compensation review
36. Downsize settlement structuring
37. Corporate management and financial planning training
38. Industry specific tax and business advisory services
39. Structuring partnership and buy sell agreements
40. Recession or business downturn consulting

TAX RESEARCH REQUEST

Client ____ Client #_______________

Requested by ______________________

Date _______________________

Date needed _________________ If it cannot be completed by this date, speak to person requesting research as soon as you become aware of this.

If you cannot provide an "off the top of the head" response, then see time budget.

Time budget: Not to exceed _________________ hours. *If you believe this will exceed this time, do not start until you discuss with person requesting the research.*

Issue or tax area ____

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Facts____

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Documents provided____

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Question____

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Response____

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