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2016 Income Tax Checklist

Please review the following 2016 checklist information. Provide statements or receipts for any information that applies to your tax situation. Disregard any information that does not apply to you. Please add up all individual receipts ahead of time providing amount totals whenever possible.

Please be aware that this checklist is subject to change and revisions as per IRS updates. The latest revision is the date noted on the bottom of each page.

IRS Identity Theft Precautions

- Because of the rampant identity theft occurring on tax returns, the IRS is now requiring you to provide your tax preparer some type of photo ID. This will be a one-time situation providing I prepare your future tax returns. A valid driver's license is the preferred document. Please provide:

Issuing state: <i.e.; Arizona>

License number: <i.e.; B13347710>

Issue date: <i.e.; 10/15/2002>

Expiration date: <i.e.; 10/15/2018>

- If "Married Filing Jointly" you both will provide your ID at the time of your appointment. You are welcome to provide your ID's info ahead of time via "secure email", FAX or via telephone if you are comfortable doing so.
Photo ID info for any dependents are NOT required.
- If a valid driver's license is not an option you may use a valid state issued ID card, passport, account statement from a financial institution, utility billing statement, or credit card billing statement.

Personal Information

- Provide your full legal name, social security number, occupation, date of birth, address and phone number for both you and your spouse.

- Provide full legal name, social security number, date of birth, relationship to you and number of months each dependent lived in your household during 2016. You MUST provide a “valid” social security number for every individual claimed on your tax return.

Income Received

- W2 forms from all places of employment. If you are not considered an “employee” you are generally classified as “self-employed”. You must then file a “Schedule C” on your personal 1040 tax return.
- Statements from all other sources of taxable income. You MUST claim all income even if no “1099” or “official statement” was issued
- Be sure to include items such as unemployment, social security, tips, etc. Include alimony, spousal maintenance, prizes, jury duty, lottery and gambling winnings, commissions and fees, etc.
- Interest and dividend income received from any financial institutions.
- Distributions received from IRA's, retirement plans, pensions, annuities, or taxable disability.
- State income tax refund received in 2015 may be taxable.

Capital Gains and Losses

- Income (or loss) from capital gains/losses. Include investments, stocks, bonds, sale of rental or other business property, etc.
- Expenses you incurred with this gain (or loss). Information such as date of purchase/acquisition and date. Costs associated with any of these sales.
- Provide records such as “purchase price” or “fair market value” at time of purchase/acquisition and any fees charged.

Business/Self-Employment Income (LLC / S Corp)

- Business income is generally reported on your personal 1040 “schedule c” as self-employed income. Single member limited liability companies share the same tax treatment as the self-employed.
- Multiple member limited liability companies and S Corps are required to file an additional more complex “Business Tax Return”.

- Provide details of any expenses you incurred while producing this income. Expenses are items such as advertising, car and truck expenses (or mileage), interest, office expenses, rent or lease, depreciation, repairs, supplies, telephone, health insurance, Keogh retirement or SEP, travel or meals & entertainment, etc.
- Include expenses related to using your primary residence as your “home office”. Expenses are items such as mortgage interest, cleaning and repairs, supplies, insurance, taxes, HOA fees, landscaping, utilities, etc.

Other Income

- Total income from any rental property you own. Include payments received for any rent, royalties, partnerships, estates and trusts, etc.
- Include details on any expenses you incurred with this income. Expenses are items such as advertising, auto mileage and travel expenses, interest, depreciation, cleaning and repairs, supplies, insurance, taxes, utilities or telephone, etc.

Adjustments to Income

- Alimony or “spousal maintenance” that you are court ordered/required to pay. You must provide the recipient's name and social security number.
- Your contribution to a traditional IRA may be deductible. Contributions to a Roth IRA are NEVER deductible. Ask to determine if contributing to an IRA will benefit you.
- State income tax payments made in 2016 for 2015 or any previous year.

Contributions made to a 529 College Savings Plan

- All or part of any contribution made to a 529 College Savings Plan may be deductible on your Arizona state tax return.
- Please inquire to determine if your 529 College Savings Plan contribution will be deductible.

Medical and Dental Expenses

- Total of all out-of-pocket medical expenses not reimbursed by your insurance company. Medical and dental insurance premiums paid from “pre-tax” compensation are not deductible.
- Contributions made to a “health savings account” may be deductible. Cost and supporting documentation for any items purchased that were

prescribed /recommended by your doctor. Be sure to include hearing aids, dentures, eyeglasses, contact lenses and special medical equipment, etc.

- Total number of miles you drove related to medical expenses. Include any out of town travel, living and lodging expenses.
- You may only claim medical expenses that are in excess of 10% of your gross income. If you are able to itemize deductions, the state of AZ allows 100% deduction of all medical expenses.

The Affordable Care Act

- If you have insurance through an employer, the Affordable Care Act probably does not affect you. Please provide any 1095 form sent by your insurance company.
- If you pay for your own insurance (through the marketplace or private insurance) and do not receive a government subsidy, the Affordable Care Act may affect you. Please provide any 1095 form sent by your insurance company.
- If you pay for your own insurance (through the marketplace or private insurance) and receive a government subsidy, the Affordable Care Act may affect you. Please provide any 1095 form sent by your insurance company.
- If you did not have insurance for some or all of 2016 the Affordable Care Act may affect you.
- Please inquire to determine if the Affordable Care Act will affect you.

Deductions for your Primary Residence

- Property taxes, mortgage interest and mortgage insurance premiums paid on your primary or a secondary residence.
- 2016's "Home Improvements" are generally not deductible. They are potentially deductible at your time of sale. Certain 2016 energy efficient upgrades may qualify for a current year tax credit.
- If you sold, purchased, refinanced or acquired a second mortgage or home equity line of credit, provide your old and new closing papers. Certain expenses may be deductible.

Interest Paid

- Interest paid on a student loan may be deductible.
- Credit card interest and other finance company charges are generally not deductible. Ask to determine if any special circumstances allow a deduction for any of these expenses.

Charitable Contributions

- Amounts donated by cash or check to a church or other non-profit organization. Include the “fair market value” of items donated to a tax deductible charity. You are required to save your receipts in case of future IRS inquiry.
- Include “total miles” driven for charitable purposes if you were not reimbursed for mileage.

Miscellaneous Deductions

- Casualty theft and losses not recouped or reimbursed by an insurance company may be deductible.
- Cost of any items purchased or expenses incurred that were required by your employer. Include “total miles” driven in your vehicle if you were not reimbursed for mileage. Daily “commuting mileage is **NEVER** deductible. Expenses such as education, equipment, union dues, work boots or uniforms, dry-cleaning, etc.
- Fees charged or taxes paid to register your personal automobile or other personal property.

Moving Expenses

- Expenses incurred related to new or current employment. Lodging, travel, storage, transportation, etc. Include “pre” and “post” move expenses.

Education Expenses

- Education and other related expenses required by your employer or necessary to maintain or advance in your current career. Include “total miles” driven if you were not reimbursed for mileage.
- Ask to determine if “tuition paid” by you, spouse or dependents qualify for the “hope” or “lifetime” learning credits.

Child Care Expenses

- Child or daycare expenses paid. You **MUST** include provider's name, address, social security or ID number or the credit will be not allowed.

State and Local Sales Tax Deduction

- Sales taxes paid on luxury items such as cars, motorcycles, motor homes, RV's, SUV's, trucks, vans and off-road vehicles "may" be deductible if detailed receipts and records are kept. Your receipts must total more than the "default" amount allowed.

Miscellaneous Information

- Provide records of any estimated/quarterly federal and state income tax payments made in 2016.
- Please provide a copy of your previous year's tax return if Laguna Business Services did not prepare your 2015 income taxes.
- Provide receipts/documentation for any items that you question or think may be deductible.

Because of our country's current economic challenges there have been many changes to this year's tax laws. Please do not hesitate to call with any questions you may have. Laguna Business Services looks forward to serving you!

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