

GETTING ORGANIZED AT TAX TIME

During the last month, you've probably received a flurry of important tax-related documents in the mail. They serve as a reminder that the deadline for submitting your tax return is looming ahead on April 17 (extended this year). Do you have everything you need? Getting your tax return done can be stressful, but the Texas Society of CPAs offers this advice on what you can do to better ensure that your return is completed on time and accurately. They also offer tips on ways to plan ahead so you can take some of the stress out of tax time next year.

GET ORGANIZED

By the beginning of February, organizations should have sent you many of the documents you need to complete your return. This will include a W-2 from your employer showing what you've earned this year, Forms 1099 reporting any additional earnings and investment income you've received and statements from your mortgage company, bank or other lender with details that you'll need for your return. You may also receive other paperwork, documenting medical bills you've paid and charitable donations or financial investments you have made.

CPAs recommend that you set aside this material as soon as you receive and put it in a special folder or envelope so that you don't have to search for it when you're ready to do your return. In addition, find last year's tax return so that you have it handy for background information and to see what further documentation you need based on what was used last time.

MAKE ORDER OUT OF CHAOS

Gathering your documentation is a good first step, but it's also important to put it in workable order. Sort the paperwork into different files or folders based on whether it relates, for example, for income or deductions. Take statements and papers out of the envelopes in which they were mailed so they are easier to identify and access. You might also want to make a list of the documents you have and the amounts involved in each case. That will make it easier for you or your CPA to get a timely start on your tax return.

PREPARE THROUGHOUT THE YEAR

Not all of the documents you require for your tax return will come in the mail in January and February. For example, you may need credit card or bank statements and records of cancelled checks received during the year that show purchases or transactions you have made. You might also use receipts that verify items you're deducting or donations you have made. You should also set aside documents relating to major events during the last year, including the closing documents and mortgage information for a home purchase. That's why it's a good idea to create a tax file for next year today, to gather the material you'll need for next year's return now. As you gather this paperwork, remember, too, to ask your CPA about any tax savvy steps you can take now to reduce next year's tax burden.

YOUR LOCAL CPA CAN HELP

Many people turn to CPAs to help them complete their tax returns and perform tax planning for the coming year. Remember to consult your CPA with all your tax or other financial questions.