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Oh my! Is it really time to wake up to a new tax season?

January 2012

Happy New Year!

The new tax season is ready to take off and this letter will help you get your materials organized. As in the past, you may mail or drop off your tax information without an appointment. We will complete your return and call to review the results. Bill or Tim will meet with you if you prefer an appointment. Call early for the time and day you want as availability is limited. Please be sure you have all of your tax documents before we file your return. 1099s and K-1s generally arrive later. Amending the return is the only way to report skipped information.

Please review the checklist on the both sides of this letter as you gather your tax documents. For additional information, go to **www.mrbilltaxman.com**. On the website, we have made every effort to provide brief summaries of some of the benefits that may apply to you. It is better to include more information than not enough. We encourage you to include receipts, invoices and letters if you think they contain helpful information. We may ask you for more detail in order to determine if you are eligible to take a deduction.

We know 2011 continued to be a financially challenging year for many people as it was for our business. Our preparation fees are based on the forms used and the complexity of preparation. No two returns are the same from year-to-year. Your fee is due and payable prior to electronic-filing of the return. We accept cash, check, credit and debit for payment. We will arrange a monthly payment plan on request. Please don't be shy about asking.

We look forward to talking with you soon!

Bill R. McCracken, EA, LTC **Tim Kittleson, LTP** **Pam Husband, LTP**

Income Checklist – Received in 2011

Report all to us; 1099-INT, DIV & B forms may not be out until late-February.

Wages – all W-2's must be reported
Unemployment – 1099G from the state
Casual/Contract Jobs – 1099-MISC
Retirement Distributions – 1099-R
Social Security – 1099-SSA
Disability/Sick Pay – W-2, 1099
Gambling/Lottery Winnings – W-2G
Tips – may be included on W-2
Alimony Received – child support excluded
Value of Barter/Trade Income
Sales of Farm/Home-raised Products and Animals
Interest – 1099-INT (only if $10 or more)
Dividends – 1099-DIV
Stock Sales – 1099-B; Purchase Amount & Date
Distributions from Partnerships, Corporations
and/or Estates– K-1 forms *(may come in March)*
State Income Tax Refunds – 1099-G
Third-Party Payments – 1099-K
Prizes/Work Incentives if reported on 1099-MISC
Lawsuit/Settlement Proceeds
Hobby Income
Other Income
Business and Rental Income *(see next page)*

Please include the following if they apply:

- **DEBT CANCELLATION – 1099-C**
  HOME ABANDONMENT – 1099-A
  Forgiveness of any kind of mortgage or credit card debt and/or home foreclosure must be reported in the year of forgiveness.
- **HUD-1 FINAL** settlement statements for all home purchases, refinances, sales.
- IRA, Roth IRA, Coverdell, 529 Plan, HSA, etc. Contributions made in 2011.
- Oregon Energy Credit – state acknowledgment is required to claim credit. Proof of purchase for Federal Energy Credit items. *See www.mrbilltaxman.com for more information.*
- Final Divorce or Separation Decree, if your divorce/separation was finalized in 2011.
- Alimony Paid and SS# of Recipient *(do not include child support).*
- Names, Birthdates and SS# of New Spouse, New Dependents.
- Student Loan Interest Paid (1098-E); College Tuition Paid (1098-T).
- Gambling Losses – include documentation from casino if received.
- **Copy of your 2009 & 2010 Returns *only* if we did not prepare them.**
- **Bring your CD so we can burn your 2011 return and supporting documents onto it.**

Deduction Checklist – Paid in 2011

Medical Expenses **Categorize by Expense**

Insurance Premiums – paid with after-tax dollars
Co-Pays for Doctor, Dentist, Chiropractor, etc.
Prescription Medications purchased in USA
Hospital Visits/Nursing Home/Home Care
Diagnostic Lab Tests/X-Rays/Therapy
Glasses, Hearing Aids & Batteries
Medical Supplies/Equipment
Long Term Care Insurance
Medical Miles to/from Appointments ***(see note)***
Other Medical Expenses
Health Savings Account Information must be reported:
contributions, distributions & expenses paid

Personal Taxes Paid in 2010 **Provide Proof**

Property Taxes paid on Main & Second Home
Other Property Taxes paid
State/Local Income Tax, including Estimates
Federal Quarterly Estimates
Sales and/or Excise Taxes paid

Mortgage & Other Interest **Provide Proof**

Main Home – Form 1098
Primary Mortgage; 2nd Mortgage/Home Equity
Qualified Second Residence – Form 1098
Investment Interest
Other Interest Expenses *(no credit card interest)*

Charitable Contributions

Receipts, Letters, Cancelled Checks Required
Houses of Worship, Payroll Deductions,
501(c)(3) Groups, Oregon Cultural Trust

NON-CASH Donations

Include Itemized List w/donation & purchase value
Goodwill, Salvation Army, etc.
Vehicle Donations – 1098-C required
Out-of-Pocket Volunteer Costs
Volunteer Miles Driven
Other Volunteer Expenses

Political Contributions (Oregon only)

Bring Letter Acknowledging Contribution

Unreimbursed Employee Expenses/Other

Union/Professional Dues
Licenses, Continuing Education
Safety Equip, Tools, Supplies, etc.
Trade/Professional Journals
Uniforms/Cleaning of Uniforms
Out-of-Town Travel *(receipts needed for lodging)*
Business Phone
Business Entertainment
Business Gifts *(under $25 per person, per year)*
Business Miles Driven *(NO commuting)* ***(see note)***
Model & Year of car used; Mileage Log required
Employer Reimbursements
Job-Seeking Expenses
Safe Deposit Box Rent
Tax Preparation Fees
Other Miscellaneous Expenses
(No divorce, burial expenses)

Checklists for Business and Rentals

Provide Reports, Spreadsheets and Documents Summarizing Income & Expenses

Sole Proprietor Businesses

- **Report all Revenue whether deposited in the bank or not.**
  Cash, Checks, Credit/Debit Sales
  Barter/Trade for Services/Products
- **Organize all Business Expenses**

(examples of categories; please breakdown by each)

- Physical Count of Inventory on Hand **(required by the IRS)**
- Supplies and Materials Purchased
- Advertising/Marketing
- Business Insurance/Worker's Comp Coverage
- Bank Charges/Credit Card Fees
- Telephone/Fax/Internet/Utilities
- Licenses/Registration
- Payroll/Wages & Taxes (provide reports)
- Contract/Casual Labor (bring 1099s)
- Office/Postage/Shipping
- Repairs & Maintenance
- Rent – Office Space/Equipment
- Equipment/Furniture Purchases
  (list separately, include date & cost)
- Business Auto Expenses *(NO commuting)*
  Business Miles driven ***(see note)***, Repairs/Maintenance, Fuel, Insurance, Registration

Residential & Commercial Rentals

- **Report all Rents Received**
- **Rent Deposits Received, Refunded, Kept**
- **Rent Exchanged for Labor**
- **Number of Days Rented during the year; When applicable – number of days personal use; use by friends, family at no/low cost**
- **Organize all Rental Expenses**

(examples of categories)

- Advertising
- Management Company
- Membership Dues/Fees
- Mortgage Interest Paid – Form 1098
- Property Taxes Paid
- Insurance
- Cleaning and Maintenance
  Painting, Minor Repairs, Electrical, Plumbing
  Yard Upkeep, Landscaping
- New Appliances/Furnishings
- Structural Repairs/Major Repairs
- Miles driven to manage rentals ***(see note)***

IMPORTANT MILEAGE NOTE:
IRS mileage deduction rates changed midyear. You must give us your mileage divided by January 1 - June 30 and July 1 - December 31. OR give us total miles driven each month.