

davis | financial

tax and bookkeeping services

www.davisfinancialgroupllc.com

YEAR-END LETTER FOR 2019 TAX YEAR

January 2020

Happy New Year, everyone! And happy new decade (heavens...) We hope you all had a wonderful year.

The Tax Cuts and Jobs Act of 2017 is in full swing now, and your 2019 tax return will be very similar to your 2018.

Itemizing: Remember that if you itemized on your 2018 Federal return, you will probably continue to qualify to itemize on your 2019 return, so gather and bring all of your information with you. To be clear, itemizing has not gone away. It's simply that the standard deduction has increased to the point that some of you may not need to itemize anymore.

Itemizing for State Returns: Also, for those of you who file state returns and have itemized in the past, you should assume that you will still itemize for state purposes, even if you no longer itemize for Federal purposes. Most states did not conform to the new law, so continue to gather the same information as you've always done.

Virtual Currency: One big change you will see in 2019 is regarding the issue of virtual currency or crypto currency. Over the last couple of years, the IRS has ramped up its enforcement of virtual currencies, such as Bitcoin. In the past, most taxpayers who own virtual currencies have failed to report their taxable transactions when filing their income tax returns. (Not our clients, of course!) Starting with this year's tax return (2019), the IRS is now requiring that taxpayers state under penalty of perjury whether they engaged in any virtual currency transactions during the year.

Intentionally answering the question incorrectly, or failing to report taxable income can have severe consequences. Please be sure to provide us with all information regarding any virtual currency transactions you had during the year. This is not limited to buying and selling the currency itself – it also includes any transactions where you purchased items with virtual currency.

Residential Rental Real Estate: The IRS has provided new guidance to enable qualified taxpayers to claim the Qualified Business Income Deduction (QBID) on rental real estate, but certain requirements must be met, including strict documentation requirements.

If you have income from rental real estate, please be sure to schedule an appointment (or mail in your tax documents) as early as possible so that we can be sure you have maintained the appropriate documentation and can claim this major deduction. ***This documentation may include the need to issue 1099s to your contractors and vendors, and 1099s must be submitted by January 31.***

Alimony: For any divorces that were finalized after December 31, 2018, alimony is no longer taxable income to the recipient or a tax deduction to the payer. Any divorces finalized before that date ***continue*** to be taxable income to the recipient and tax deductible to the payer. If you ***modified*** a divorce agreement after 12/31/18, we'll need to talk.

Using the Secure Portal: Our secure portal system for uploading your tax documents from last year worked very well, so we will be using the same protocol this year.

1. If you used the portal last year, it remains active, and you can sign on as you did last year. ***Just be sure you choose 2019 to upload your documents.***
2. If you have never used the portal before, simply e-mail or call Monica so she can send you the official invite. Once you receive the invite, you'll be able to use the portal for this year and the years to come.

Our office will be open 8:30am to 5:00pm Monday through Friday. Early drop-off of documents can be done either in person or via our secure portal.

It is far better for you if you wait until you have all of your documents, as we can't start on your return until we have everything. You will actually receive your completed return faster if you bring everything in all at once.

The one exception to this is 1099s from brokers. We realize that brokerage houses are notorious for sending corrected statements late in tax season. If you can provide everything, including the original brokerage 1099, we can complete the return, and then hold it until you know if you're going to be receiving a corrected 1099.

If you have a small business (Sch C) or rental (Sch E) please contact the office to request comprehensive custom worksheets, as that will help you and us complete your return faster and more accurately.

Finally, we have to announce that after three years of holding our rates steady, we are going to have to increase them for 2020. Tax returns and consultations will now be billed at \$220/hour (up from \$200/hour), and bookkeeping will now be billed at \$75/hour (up from \$70/hour). We certainly don't relish doing this, but our costs have gone up enough that we have no other choice. We hope you understand.

As always, please do not hesitate to contact us with any questions or concerns. We look forward to seeing you and working with you again this season.

Sabra Davis
sabra.davis@davisfinancialgroupllc.com

Kathie Barbaro
kathie.barbaro@davisfinancialgroupllc.com

Monica Fritsch
monica.fritsch@davisfinancialgroupllc.com

Main Phone Line: 360-779-3506/Fax Line: 360-779-3860

davis | financial

tax and bookkeeping services
www.davisfinancialgrouppllc.com

January 2020

RE: 2019 FORM 1040 DUE 4/15/2020 - TAX PREPARATION ENGAGEMENT LETTER

Dear Client:

We are pleased to confirm our understanding of the arrangements to prepare your income tax return. This letter will confirm the terms of our engagement with you and the nature and extent of the services we will provide.

The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. To ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your 2019 Federal Form 1040 Individual Tax Return and any State returns, as needed.

We will prepare these returns using the information you provide to us. Our work will not include any procedures to discover falsifications or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax return. If applicable, we will prepare 2020 estimated tax vouchers based upon your income and withholding for 2019. You agree to contact us if you experience a significant change in your income or withholding during 2020, so we can determine if your vouchers need to be adjusted for the year.

Client Responsibility

It is your responsibility to provide us with all the information required for preparing complete and accurate returns. We've enclosed a Questionnaire to help you gather the information required for a complete return. If you use the Questionnaire, it will help you avoid overlooking important information and contribute to the efficient preparation of your returns. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. You should retain all the documents, canceled checks, and other data that support your reported income and deductions. These documents may be necessary to prove the accuracy and completeness of the returns to a taxing authority. Please call if you have questions regarding these requirements. After your tax return has been prepared, we will return all original records you supplied. **You have the final responsibility for your income tax returns, and you should review them carefully before you sign them.**

Your returns may be selected for audit by a taxing authority for cause or by random selection. Any proposed adjustments are subject to appeal. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement. Fees and expenses for defending the returns will be invoiced separately.

Foreign Accounts

You are responsible for reporting foreign activities. By signing this letter, you acknowledge that you will inform us if you have income from foreign sources or if you have signatory authority over any foreign account. If you are unsure whether income or an account is foreign, we will review it. **Note that penalties for failure to report foreign activities are severe.**

Due Date

The timeliness of your cooperation is essential to our ability to complete your return. We must have enough information from which to prepare your return within a reasonable period prior to the filing deadline of Wednesday, April 15, 2020. Accordingly, if we do not receive all information from you in a timely manner, it may be necessary for us to file an extension of your filing date. If we do not hear from you prior to the deadline, it is our policy to extend your return to provide you with the additional time you may need. You understand that extensions do not give you an extension of time to pay the tax that may be owed. If we deem it necessary or you request it, we will complete an estimation of the amount due based on the documents currently provided and/or prior year findings.

Fees and Payment Terms

Our fees are based upon the amount of time required to prepare your tax return. The time involved with the preparation of your return

Circular 230 Notice: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Mail: P.O. Box 846 Physical: 19301 8th Ave. NE, Suite D Poulsbo, WA 98370
(360) 779-3506 fax (360) 779-3860 toll free 1-(866)-273-4889

depends on the complexity of work, and the availability, quality and completeness of your records. **Your invoice will be enclosed with your copy of the return and paperwork. The invoice is due and payable upon receipt of your completed tax return, unless previous arrangements have been made and an installment plan signed.** An interest charge of 1.0% per month may be added to all accounts not paid within thirty (30) days. If we are forced to send an account to collections, you agree to reimburse us for our costs of collection, including court and attorneys' fees. We reserve the right to suspend our services or to withdraw from this engagement in the event an invoice is deemed delinquent or unpaid. If we elect to terminate our services for non-responsiveness, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed the return. You will be obligated to compensate us through the date of termination.

Any tax planning done outside of the preparation of your return may also be subject to separate invoicing.

Record Retention

Your records are the primary records to support your income and deductions. They comprise the backup and support for your financial reports and tax returns. We destroy client files and work papers after six (6) years. Catastrophic events or physical deterioration may result in our records being unavailable; therefore, our records and files are not a substitute for yours. You should keep the original records in secure storage.

Privacy Notice

As your tax preparation firm, we collect information provided by you from your tax organizer, worksheets, documents, and discussions. We develop information as part of your tax preparation engagement. We keep all information about you and your engagement confidential and we will not disclose any information about you unless we have your approval or are required by law. This applies even if you are no longer a client. We are committed to the safekeeping of your confidential information and we maintain physical, electronic, and procedural safeguards to protect your information. We assure you that we do not use tax processing services, either foreign or domestic to prepare your return. All returns are processed by our office staff.

In addition, certain states have issued a new requirement that we must have written permission to send you any return(s) by mail. **In signing this letter, you hereby grant us permission to send your return(s) to you by mail if you request us to do so by phone, e-mail or in person.**

We and the IRS also require written and signed notification and approval by you if someone other than yourself is receiving a copy or will be picking up your return. This includes any relatives, even if we do their returns as well, (exception: minor children's return may be picked up by their parents). An IRS approved form will be provided for your signature should you wish to have your return sent to or with a third party.

Your Approval

If the above is in accordance with your understanding of the terms and conditions of this engagement, **please sign, print your name, and date and return to our office. A copy is enclosed for your files.**

YES NO Did you have an interest in, signature or other authority (such as being a board member) over a financial account in a foreign country, such as a bank account, securities account, or other financial account? If so, bring account information and year-end statement if your aggregate balance in such accounts, at any time of the year, exceeded \$10,000.

Sincerely,

DAVIS FINANCIAL

Read and accepted by:

Taxpayer:

Date

Spouse: (If applicable)

Date

2019 Individual Tax Information Questionnaire

Name: _____

A IMPORTANT INFORMATION – EVERYONE MUST COMPLETE

| | | | |
|--|-----|----|--------|
| Do you need your return by a certain date, other than IRS due dates? For example: For loan documentation or Financial Aid for Education. If yes, please indicate below: Reason: _____ Due Date _____ | YES | NO | UNSURE |
|--|-----|----|--------|

| | | | |
|--|-----|----|--------|
| Do you have time periods in which you will be unavailable for questions from this office (i.e. vacation)? If yes, please indicate them below: Start Date _____ End Date _____ | YES | NO | UNSURE |
|--|-----|----|--------|

Please list any estimated payments made to the **IRS** for **2019** during the tax year. This does not include amounts paid for your 2018 tax liability (paid with tax return).
 Voucher 1 Due 4/15/2019: Amount paid: _____ Voucher 3 Due 9/16/2019: _____
 Voucher 2 Due 6/17/2019: Amount paid: _____ Voucher 4 Due 1/15/2020: _____

Please list any estimated payments made to the **State** for **2019** during the tax year. This does not include amounts paid for your 2018 tax liability (paid with tax return) OR payments to WA State Department of Revenue.
 Voucher 1 Due 4/15/2019: Amount paid: _____ Voucher 3 Due 9/16/2019: _____
 Voucher 2 Due 6/17/2019: Amount paid: _____ Voucher 4 Due 1/15/2020: _____

| | | | |
|---|-----|----|--------|
| If eligible for a refund: Would you like to apply it to next year's estimated payments? OR | YES | NO | UNSURE |
|---|-----|----|--------|

| | | | |
|---|-----|----|--------|
| Would you like to use direct deposit? If so, do you want it deposited to the same account as last year? | YES | NO | UNSURE |
|---|-----|----|--------|

If yes, please provide a voided check.

| | | | |
|---|-----|----|--------|
| In the event there are any questions regarding your current or past tax returns, and you need us to contact the IRS or other taxing agency on your behalf, we will need a Power of Attorney Form on file. Would you like us to prepare one for you to sign when your tax return is completed? | YES | NO | UNSURE |
|---|-----|----|--------|

| | | | |
|---|-----|----|--------|
| Has the IRS/State/Local taxing authority made you aware, or are you aware of, any changes to your tax liability for any prior year tax returns? If yes, please provide copies of notice(s). | YES | NO | UNSURE |
|---|-----|----|--------|

B PERSONAL INFORMATION – New Clients: Must complete. Returning Clients: Update for changes.

Preferred e-mail address: _____

What address do you want on your tax return? Mailing address, NOT an email address.

Preferred **telephone #s**: _____

Please show the names **exactly** as shown on the Social Security Cards. As another safeguard against identity theft, more and more states are requiring Driver's License Information. Please complete this section whether you are a returning client or a new client.

Primary taxpayer's name: _____
 Date of birth: _____ SSN: _____ Occupation: _____
 Driver's License#: _____ Issuing State: _____ Issuing Date: _____ Expiration Date: _____

Spouse's name: _____
 Date of birth: _____ SSN: _____ Occupation: _____
 Driver's License#: _____ Issuing State: _____ Issuing Date: _____ Expiration Date: _____

All dependents:

| | | |
|------------------|----------------------|------------|
| Full name: _____ | Date of birth: _____ | SSN: _____ |
| Full name: _____ | Date of birth: _____ | SSN: _____ |
| Full name: _____ | Date of birth: _____ | SSN: _____ |
| Full name: _____ | Date of birth: _____ | SSN: _____ |

| | | | |
|--|-----|----|--------|
| Do you wish to have \$3 (or \$6 on a joint return) of your taxes applied to the Presidential Election Campaign Fund? | YES | NO | UNSURE |
| Indicate if any of the following occurred in your immediate family in 2019. Please provide dates for any boxes checked below. If there is a new spouse or child, please also provide an SSN and birth date in previous section. For divorces or separations, please provide court documents. For deaths, please provide a copy of the death certificate: <input type="checkbox"/> Births <input type="checkbox"/> Adoptions <input type="checkbox"/> Marriages <input type="checkbox"/> Became a Domestic Registered Partner <input type="checkbox"/> Deaths <input type="checkbox"/> Divorces <input type="checkbox"/> Separation | | | |
| If your spouse died in 2019, please check "YES" so we can discuss "portability". | YES | NO | UNSURE |
| Can you be claimed as a dependent on another person's tax return for 2019? | YES | NO | UNSURE |
| Were you a resident of, or did you have income in, more than one state during 2019? | YES | NO | UNSURE |
| Do you anticipate that we will need to file an Extension ? Please let us know by March 29th. Any estimated balance due must be paid by April 15 th , or there will be interest and penalties charged on any outstanding balance reported when the return is filed later in the year. | YES | NO | UNSURE |

C DEPENDENTS

If you do not have any dependents or changes in dependents, check box on left and skip this section.

| | | | |
|---|-----|----|--------|
| Did you have any dependents last year whom you believe may no longer qualify as a dependent for 2019? If so, please tell us which ones. | YES | NO | UNSURE |
| Did you adopt or care for foster children during 2019? If so, we will need several documents from you. Please request the list. | YES | NO | UNSURE |
| Are all of your dependents, citizens or residents of the U.S., Canada, or Mexico? | YES | NO | UNSURE |
| Do you have children under age 19 at the end of the year (24 if full-time students)? | YES | NO | UNSURE |
| Did any child receive earned income including scholarships? If so, how much? | YES | NO | UNSURE |
| Did any dependent child of yours under the age of 19 at the end of the year (or under age 24 if a full-time student) have investment income in excess of \$2200 in 2019? | YES | NO | UNSURE |
| Do you have any dependent children who are filing their own tax returns? If yes , did they check the box " <u>Someone can claim you as a dependent</u> "? Also, if yes, please tell us which ones. | YES | NO | UNSURE |
| If they still need to file, do you want us to prepare the return(s)? YES | | | |
| Have you been granted, or have you been given the dependency exemption in a divorce decree for a child? If so, the custodial parent needs to provide a waiver of dependency (Form 8332). | YES | NO | UNSURE |

D HEALTHCARE INFORMATION – EVERYONE MUST COMPLETE

| | | | |
|--|-----|----|--------|
| Did you and/or your spouse participate in a Health Savings Account? | YES | NO | UNSURE |
| Did you receive any COBRA health insurance premium assistance during 2019? | YES | NO | UNSURE |
| Did you make any Marketplace/Affordable Healthcare Act insurance payments in 2019? | YES | NO | UNSURE |
| Did you receive a Form 1095-A for Health Care Insurance payments? We must have this form to calculate any credits or dues. You may have to download this from wahealthplanfinder.org. | YES | NO | UNSURE |

E INCOME ITEMS – EVERYONE MUST COMPLETE

Provide any W-2s, 1099s, K-1s from all partnerships, LLCs, Trusts or Estates, or any other documents describing any income you received in 2019. Also bring information regarding any income you received even if no documents were received, including those for the following items: (Check where applicable; only one copy necessary.) **Please make sure all copies are legible. Please do not use a highlighter or staples.**

- Wages (W-2) Interest/Dividends (1099-INT/1099-DIV) Stock Sales (1099-B) Prizes or Awards Jury Fees
- Stock Option Exercises/RSUs Self Employment (1099-MISC) Rental Income Farms Hobby Income
- Royalties Social Security (1099-SSA) Pensions (1099-R) IRA Distributions (1099-R) Trustee Fees
- Unemployment Estate income Trusts (K-1) S Corporations (K-1) Income derived from illegal sources

Partnerships (K-1) Judgment awards Gambling (W-2G) Foreign Income Lottery Alimony
 Barter Foreclosures (1099-A) Abandonments (1099-A) Debt Cancellation (1099-C) State Tax Refund
 Crypto Currency Transactions Latest paystub(s) if you want us to calculate a 2020 W-4 Disability Income
 Unreported Tip Income(over 20.00/month) Did you cash Series EE Bonds Any other income of any kind?

| | | | |
|--|-----|----|--------|
| Did you receive any inheritances or gifts totaling more than \$15,000 in 2019? | YES | NO | UNSURE |
| Was any part of your home rented out or used for business? If yes, see additional information required under Business Income and Expenses . | YES | NO | UNSURE |
| Did you sell your Personal Residence , Investment or rental property this year? This includes properties that have been foreclosed or abandoned. If yes, we will need the following: Final Escrow/Settlement Statement from Sale; Final Escrow/Settlement Statement from Original Purchase; List of all improvements ever made to property if not previously disclosed on depreciation schedule. For foreclosures or abandonments, please bring all 1099-As or 1099-Cs. If California tax withheld through escrow, please provide all 592s and 593s. | YES | NO | UNSURE |
| Did you start (), purchase (), or acquire () an interest in a Partnership, S-Corporation or Trust during 2019? If yes, you will receive a Form K-1 from the entity for this and subsequent years. Please make sure you provide us with a copy of both the Federal and State K-1s, as your return cannot be finalized without them. Also, please provide the purchase date and purchase amount (or capital contributed). | YES | NO | UNSURE |
| Did you sell any interest you have in a Partnership, C-Corporation, S-Corporation or Limited Liability Company (LLC) in 2019? If yes, please bring all relevant documents, including your basis in the company. | YES | NO | UNSURE |
| Did you inherit any stocks or property? If yes, please provide the value(s) at date of death. | YES | NO | UNSURE |
| IRA Distributions: | | | |
| 1. If you are 70 ½ or older, are you required to take a Required Minimum Distribution (RMD)? If yes, please provide the 1099-R's. | YES | NO | UNSURE |
| 2. Also, if yes, did you make a Qualified Charitable Distribution (QCD)? If yes, please provide amount and details. | YES | NO | UNSURE |

F **STOCK OPTIONS & EMPLOYEE STOCK PURCHASE PLANS** – If none, check box.

Please note that stock option exercises are very complicated tax transactions. It is important to have all the relevant documents from which to enter these on your tax return. We cannot complete your return without these documents, and not having them when you come in will cause delay in our preparation and may increase necessary communication with you and possibly substantially increase the preparation cost.

| | | | |
|---|-----|----|--------|
| Have you exercised any of your stock options or Restricted Stock Units (RSUs) in 2019? If yes, please bring a copy of an exercise report for each exercise. You will probably have to ask your employer for this. We will not be able to complete your return without it. | YES | NO | UNSURE |
| Have you made an early exercise election ((83b) election) during 2019? If yes, please bring a copy of that election. This is very important! | YES | NO | UNSURE |
| Do you participate in an employers' Employee Stock Purchase Plan (ESPP)? An ESPP is a plan whereby an employee can buy the stock at a 15% discount. The purchase of the stock usually occurs via a deduction from your paycheck. We will need to know your exercise price and the Fair Market Value of the stock on the date of exercise. | YES | NO | UNSURE |
| Did you buy, sell, manage, or in any way use virtual (crypto) currency in 2019? This includes purchasing goods or services. If yes, then please provide all transaction information, including purchase dates, purchase prices, transaction dates, and FMV on transaction dates. | YES | NO | UNSURE |

| G <input type="checkbox"/> Sale or Trade of Stocks, Bonds, Mutual Funds, Commodities, Investment Real Estate and Other Assets- If you did not sell anything, check box on left. | | | |
|---|-----|----|--------|
| Did you have any stocks that became worthless in 2019? If so, we will need to know details. | YES | NO | UNSURE |
| Did you buy or sell any stocks, bonds or other items through a broker ? Please provide all 1099-B forms and year-end summary statements provided by brokers and be sure to provide information on purchase dates and amounts . If stocks have split since purchase, provide split dates and amounts. If you have several stock transactions, you can ask your broker for a "Tax Report" for the year (this is in addition to the 1099-B). | YES | NO | UNSURE |
| Did you have any other purchases or sales of other investment property or collectibles such as coins, stamps, artwork or gems, not shown on 1099 forms or other year-end statements provided to us? Examples include income related to "puts" and "calls", futures contracts, commodities and regulated stock options. If so provide dates sold, purchase amounts paid, and net realized on sale. | YES | NO | UNSURE |
| Did you trade any like-kind property for another? If yes, please provide all details and documents. | YES | NO | UNSURE |

| H <input type="checkbox"/> Business Income & Expenses (including Farms) If none, check box on left. | | | |
|---|-----|----|--------|
| Business mileage for 2019 = .58 | | | |
| Did you start, [], purchase [] or operate [] a business or farm during 2019? If yes, we will need a complete list of income and expenses related to that business. Each business must be listed separately. If you started a business in 2019, please provide the exact date: | YES | NO | UNSURE |
| Did you receive any 1099s or 1099-Ks ? If so, please make sure we have these. | YES | NO | UNSURE |
| Did you purchase any business assets (furniture, equipment, vehicles, real estate, etc.)? If so, provide descriptions, dates acquired, and amounts paid for those assets. If there is a related escrow settlement document or bill of sale, we will need to see it. | YES | NO | UNSURE |
| Did you dispose of any business assets (furniture, equipment, vehicles, real estate, etc.)? If yes, please provide the date sold, sales price, and any commissions paid for each item. If there is a related escrow settlement document or bill of sale, we will need to see it. | YES | NO | UNSURE |
| Did you convert any personal assets to business use? If yes, please provide date of conversion and the lower of original cost or current fair market value (FMV). | YES | NO | UNSURE |
| If any of the above items were cars or trucks, we will need to see purchase or lease contracts or bills of sale. | | | |
| You will also need to provide for each business vehicle the total miles driven for any purpose, and of those miles, the business miles driven. We need this information regardless of which auto expense method you use. | | | |
| Did you use any part of your home exclusively for business purposes? If yes, provide details for square feet used for business, total square feet of the home, expenses related to the business portion, and general expenses for the interior of the home such as utilities, insurance and maintenance. | YES | NO | UNSURE |
| If you have self-employment income, did you also pay for medical insurance or long-term care insurance on a policy issued to the business or individual (not through an employer) ? Please provide amounts: | YES | NO | UNSURE |
| Did you provide any health care insurance for any employee? If so, we will need to know how much you paid, for how many employees, and your total gross wages paid to covered employees: | YES | NO | UNSURE |
| Did you pay wages to any child of yours, under the age of 18, during 2019? If so, have you reported that child's wages on your payroll tax returns and W2s? | YES | NO | UNSURE |
| Did you keep appropriate records for that child's work? | YES | NO | UNSURE |
| Did you sell your business? If so, please provide all documents and details. | YES | NO | UNSURE |
| Were you required to file Forms 1099? | YES | NO | UNSURE |
| If yes, did your bookkeeper file the Forms 1099? These are due January 31, 2020. Please be aware there will be penalties if filed late. | YES | NO | UNSURE |
| If no, would you like us to obtain Form W-9 and prepare the Forms 1099 and Form 1096 for you? | YES | NO | UNSURE |

| | | | |
|--|-----|----|--------|
| I <input type="checkbox"/> RENTAL INCOME & EXPENSES If none, check box on the left. | | | |
| Please provide full details of all repairs and improvements. Most repairs may be considered improvements and we will need to depreciate them over specified time periods. We will need purchase dates for all work done. | | | |
| Did you purchase a property () or, convert one from personal use (), that was used as a rental in 2019? If so, we will need a list of your income and expenses, as well as the escrow statement from when this property was purchased (even if before 2019 unless you are a returning client.) | YES | NO | UNSURE |
| Periods of time in which a rental is taken off the market for repairs and/or remodeling are considered non-rental time. Expenses must be allocated between rental and non-rental periods. Please provide this allocation. | | | |
| Did you make improvements to a rental property in 2019? If so, provide description, approximate date and amount for each improvement. Improvements include original landscaping, patios, room remodels, etc. | YES | NO | UNSURE |
| Did you travel to your rental property in 2019 to manage, make repairs or improvements? If so, we need to know round-trip miles (total), any air travel expenses and the number of days spent for this purpose. Days are broken down into quarter days (6 hours) beginning at 12:01 a.m. | YES | NO | UNSURE |
| Did you purchase any assets used primarily for rental property such as a lawnmower, furniture, appliance, etc.? If so, provide description, approximate date and amount for each improvement. | YES | NO | UNSURE |
| Did you refinance your rental property in 2019? We must have the closing statement for the loan and an explanation of use of any "cash out." | YES | NO | UNSURE |
| ALL CLIENTS WHO HAVE RENTAL INCOME & EXPENSES WILL BE REQUIRED TO COMPLETE A RENTAL WORKSHEET. (Please be sure to request this document if it has not arrived in your tax packet.) | | | |

| | | | |
|--|-----|----|--------|
| J DEDUCTIBLE LOSSES AND ADJUSTMENTS TO INCOME – EVERYONE MUST COMPLETE | | | |
| Did any non-relative owe you money which became uncollectible in 2019? If so, how much? | YES | NO | UNSURE |
| Did you, or do you plan to contribute to any of the following retirement plans for tax year 2019? [] solo 401K [] SIMPLE Pension Plan [] SEP [] KEOGH [] Traditional IRA [] Roth IRA Please provide paperwork. | YES | NO | UNSURE |
| Did you and/or your spouse rollover any retirement funds? | YES | NO | UNSURE |
| Did you and /or your spouse convert any IRA funds to a Roth IRA? | YES | NO | UNSURE |
| Prior to becoming a client, have you made any non-deductible contributions to an IRA, Roth IRA or other retirement plan? Please provide total amounts per year as these contributions must be accounted for separately, so they will not be taxed when distributed. If you've given this to us before, never mind! | YES | NO | UNSURE |
| Did you have any combat zone pay in 2019? | YES | NO | UNSURE |
| Alimony payments and Alimony income are no longer deductible for divorces finalized in 2019. All divorces finalized prior to 1-1-19 will follow the <u>old</u> rules: Alimony paid will still be <u>deductible</u> and Alimony received will still be <u>taxable</u> ! | | | |
| Did you pay interest on student loans? If so, please provide the document given to you by your lender. | YES | NO | UNSURE |

| | |
|---|--|
| K <input type="checkbox"/> ITEMIZED DEDUCTIONS – If you do not itemize, check the box on the left. The <u>new Standard Deductions</u> are: | |
| \$12,200 – Single | |
| \$24,400 – Married Filing Jointly | If you're not sure , please bring your documents so we can determine if you have enough to itemize. |
| \$18,350 – Head of Household | |
| Note - Medical Expenses are deductible to the extent they exceed 10% of your adjusted gross income if you itemize. Almost every medical expense, including medical insurance, long-term care insurance, and Medicare insurance, counseling, etc., counts. Do not include non-prescription medications, vitamins or supplies. | |

| | | | |
|--|-----|----|--------|
| Itemized Deductions, continued: | | | |
| Did you pay any significant amounts of medical expenses (over 10% of total income)? Don't forget doctors, dentists, home care by medical practitioner, assisted living facilities, nursing homes, psychiatrists, psychologists, chiropractors, home improvements for medical care (but only to the extent they increase the value of your home), marriage and family counseling, etc. Also include medical travel (airfare, hotels, etc.) at actual cost or miles driven if driving. Medical mileage for 2019 =.20 | YES | NO | UNSURE |
| Were you on a "Physician Prescribed" Weight Loss Program? | YES | NO | UNSURE |
| Did you pay any city, county or state property tax in 2019? Please provide a record of payments made. Tax paid on any real estate is deductible. Limited to \$10,000 or \$5,000 if Married Filing Separately. | YES | NO | UNSURE |
| Did you pay sales tax on big-ticket items like cars or boats? If so, we'll need to see the purchase document. | YES | NO | UNSURE |
| California RESIDENTS ONLY: Don't forget your car/boat/RV license fees. You must bring in the statement from the department or the DMV. Only the VLF (Vehicle License Fee) is deductible, not the part that is registration, personalized plates, etc. | YES | NO | UNSURE |
| Note - Interest Paid: Personal interest (credit cards, unless used exclusively for business, etc.) is never deductible (well, almost never). Mortgage, investment and business interest is. Bring all your 1098s and make sure the property is identified on the face (write on it; that's ok). | | | |
| Did you purchase or refinance your principal residence or second home? Please provide final escrow, settlement or closing statements for each and a list of what you did with any cash-outs from the loan. (Improvements, bought a car, invested, paid off credit cards, etc.) | YES | NO | UNSURE |
| Do you own a second home, such as an RV, boat or timeshare? If so, we need interest paid on loans and property taxes paid on timeshares. Note: A boat must have cooking, sleeping, and toilet facilities in order to qualify as a second home for interest expense deduction purposes. | YES | NO | UNSURE |
| Did you pay any interest on margin debt? If so, please bring supporting documents. This should be on your 1099 form supplied by your broker. | YES | NO | UNSURE |
| Did you pay interest on any loans or credit card debt where the amount borrowed was used to purchase or sustain investments? Examples of this would include purchase of land or using loan proceeds to invest in the stock market, mutual funds, or CDs. If so, give us amounts and use for each item. | YES | NO | UNSURE |
| Note - Contributions: The law states if you have no receipt, we cannot take the deduction. We CANNOT deduct any contribution for which you do not have proof. Contributions by check or credit card must be provable by cancelled check or line item on credit card statements. If you gave over \$250 at one time, or more than \$250 to any one organization, a qualified contribution letter by the organization is required. | | | |
| Did you use your car for charitable work? If yes, we will need to know how many miles were driven for that purpose. You get to deduct a whopping 14 cents per mile. | YES | NO | UNSURE |
| Did you have volunteer expenses? For example, did you buy supplies for your church activity or travel on its behalf? If you traveled on behalf of a "non-profit, tax-exempt organization" you need a letter from them that says you did. | YES | NO | UNSURE |
| Did you donate a vehicle to a charitable organization? We must have a copy of that letter, as well the 1098-C the organization issued to you. Without these documents, we will not be able to deduct the car on your tax return. | YES | NO | UNSURE |
| Note - Non-Cash Contributions: You know those things you give to Goodwill, Salvation Army, etc. and assign values that defy imagination? You must write down the detailed list of the stuff you gave, the value at the time of donation, the condition (new, good, lousy) and attach it to the receipt. If it's "lousy" it's not deductible. For a Donation Value Guide, google "goodwill donation values 2019". | | | |
| Did you donate non-cash items? If so, we need the receipts. Make sure to include the name of the organization(s) and their address(es). You must now also provide to us a detailed list of everything you donated. | YES | NO | UNSURE |
| Under the new law you can no longer deduct your unreimbursed employee business expenses. You will need to have your employer reimburse you. Also, you can no longer deduct investment fees, licenses, dues, or job search expenses. Yeah, we think it stinks, too. | | | |

| | | | |
|--|------------|-----------|---------------|
| L <input type="checkbox"/> MOVING EXPENSES & GAMBLING EXPENSES - If none, check box on left. | | | |
| Note - Moving Expense: Only deductible if you are a member of the armed forces on active duty who moves pursuant to a military order. | | | |
| Did you incur moving expenses pursuant to a military order ? If so, bring information related to the cost of moving your household goods and autos, and the cost of traveling to your new location. Nothing else is deductible. Please provide the exact date of your move: | YES | NO | UNSURE |
| Note - Gambling Expense: Gambling expense is deductible only to the extent of gambling income. This includes money put in the slot machine, poker stakes, roulette, etc. and your cost of getting there (bus, airplane), but not your food. You must have some proof, so make sure you're prepared. The IRS wins nearly every time they audit this item because of lack of proof. | YES | NO | UNSURE |

| | | | |
|--|------------|-----------|---------------|
| M USE OF VEHICLE DEDUCTIONS - Everyone should read; then skip if not relevant to you. | | | |
| During 2019, did you purchase a vehicle? Please provide a copy of the purchase documents. | YES | NO | UNSURE |
| Have you maintained a log, diary or calendar for each vehicle that you used in business for which you are taking a deduction? Guessing the mileage is not allowed. We will not require you to show us your log, diary or calendar, but if you are audited the IRS will require this information. The IRS is still locked into the last century and likes to see pen/pencil entries on a log. | YES | NO | UNSURE |
| Did you sell a vehicle that you previously used in business related expenses? If you did, we will need to know what you sold it for, what you bought it for and how many miles you deducted. If we've been doing your return since you bought that car, no problem. We always recommend you give away a vehicle so used to a charitable organization or family member to avoid this problem unless it is worth more than you care to donate. | YES | NO | UNSURE |

| | | | |
|--|------------|-----------|---------------|
| N TAX CREDITS – EVERYONE MUST READ AND COMPLETE | | | |
| Did you or your employer pay child care expenses, including before and after school, during 2019? If so, bring information related to day care providers: amounts paid, names, addresses, telephone numbers, Social Security and Taxpayer ID numbers. (This includes amounts reimbursed by your employer under cafeteria or other plans.) Please note that you cannot deduct private school tuition for K-12. | YES | NO | UNSURE |
| Did you pay tuition and/or pay for books, supplies and/or equipment for your dependent college student in 2019? Please provide the 1098-T for each qualified student. | YES | NO | UNSURE |
| Did you pay for the installation of energy-efficient small wind turbines, solar water heaters or panels for your home or rental in 2019? If so, we need copies of receipts, contracts, etc. | YES | NO | UNSURE |
| Did you pay any income taxes to foreign governments during 2019? Please provide records of any amounts and dates paid in US denominations, as well as the gross income so earned. | YES | NO | UNSURE |
| Is your mortgage certified under a "Qualified Mortgage Credit Certificate" program? If you don't know, it probably isn't. | YES | NO | UNSURE |
| If you are a California resident, did you pay rent in 2019? If so, for how many months? _____ | YES | NO | UNSURE |
| Did you buy an all-electric vehicle or plug-in hybrid? If so, please bring purchase document. | YES | NO | UNSURE |

