

Rainbow Accounting's Most Often Asked Questions and Comments

My last Tax Professional Didn't Ask all these Questions. What Do I Need to Bring to my Tax Appointment? Why do I need to bring so much 'Stuff'?

Why all the questions?

During the past decade Congress has attempted to curb tax fraud by implementing severe penalties for Tax Professionals that do not follow the law regarding all the Refundable Credits. These penalties are over \$520 PER CREDIT, PER RETURN. If you do the math, you will discover that it would not take many penalties to put a small tax professional, such as Rainbow Accounting, out of business.

No-not every professional asks this information-even though they are supposed to according to tax law. We ask to PROTECT YOU from IRS. If we have the proper documentation from the start, then if you receive that 'Love Letter' from IRS, it is a simple matter to respond and YOU don't have to worry about further issues.

This is the reason we ask so many questions and require so much documentation. Not because we want to but because it is a requirement by law. So please, be patient with our staff when we are asking for so much information.

What do I need to bring?

This is a comprehensive list – **NOT EVERYTHING MAY APPLY TO YOUR SITUATION**
The best way to check for what is needed is to look at last year's tax return and the documents you used last year. If you had it last year then you need it this year.

1. Unexpired Driver's License, Social Security Cards and Birth Certificates for every individual on the tax return. (If we have it already on record, it is not needed.) Also, in some instances we may ask for divorce decrees and/or marriage licenses.
2. All W2 forms, 1099 INT Forms, 1099-R Forms, 1099-C Forms, 1099-S Forms. A good rule of thumb is if it comes in an envelope marked '**IMPORTANT TAX INFORMATION ENCLOSED**' then we are going to need it.
3. Social Security Statements.
4. A copy of your Last Pay Stub for 2019.
5. All Investment and Broker Statements, 401K Statements, Retirement Account Statements, IRA (Roth or Traditional) Statements.
6. Form 1098 Interest Statement from your bank and a copy of your real estate tax bill that was paid **in 2019**.
7. Charitable Deductions – include cash and also other donations that you have supporting documentation for.
8. Head of Household Filing Status – Additional information regarding housing cost amounts, utility costs, food and clothing costs will be required. We will have a

worksheet that you will need to complete (actual receipts are not required for us but will need to be kept).

9. Earned Income Tax Credit – Additional questions about who lived in the household will be asked.
10. Child Tax Credit, Additional Child Tax Credit and Other Dependent Credits – School or medical records with the correlating and correct address for each dependent may be asked for.
11. Education Credits – Form 1098T from the college AND a student statement of account will be required for these credits. Both of these can usually be found on the student's web page with the school in the financial information section.
12. Medical Expenses – Totals of out of pocket medical expenses and logged mileage for medical purposes. A change to the law has lowered this percentage and it may be helpful, especially for retirees.
13. Rental Properties – All income and expense amounts totaled by category. If you need help with this prior to your appointment, please call us.

For Client's with Business Schedules – You are most likely familiar with what you need in terms of records. If you are a new business client, please call and we will help you compile what is needed.

It is important that you bring everything that is needed to your first appointment or when you drop off your information. Every time we start a return and have missing information the total amount of time to process the return goes up.

If you are a current client and plan on dropping off your information, you can go to our website and print off the annual tax return questionnaire and documents. This will allow you to have everything at the initial drop off. Therefore, speeding up turnaround times.

New Clients will always be asked to schedule an appointment the first year.