

It's Tax Time – Do You Know Where Your Information Is?

By Monica Premo

Whether you prepare your taxes yourself or hire someone else to do it, it's still your responsibility to gather the necessary documents and information to file your taxes. You will save time, money, and frustration by taking some time to sort through your paperwork and files before you sit down to do your taxes or try to hand the information off to someone else. Let's get started.

First, find a home for your tax preparation documents. It can be a file folder, accordion file, box or basket large enough to hold your papers. If you have the documents filed and just need to gather them, this process should go quickly. If you are hunting through piles to find your papers, it is important to make sure the papers you retrieve don't get lost in the shuffle. Put everything in the container and sort them later.

Here's a quick checklist to make sure you have the necessary information to file your taxes.

Supporting tax documents:

- This year's tax form or tax software and instructions.
- Identification – Social Security numbers for you, your spouse, and dependents
- Income tax information (W-2 form) from each employer
- Income information – last pay stub from each employer,
- Investment information – Form 1099, schedule K, year end summary or monthly statements
- Last year's tax forms
- Banking information – year end summary or monthly statements, account numbers and bank routing numbers
- Mortgage statement
- Tax bills or cancelled checks
- Deduction/expense records – cancelled checks, invoices, receipts
- Charitable contribution documentation
- Mileage documentation
- Business income and expense records

For a more comprehensive list, contact your tax professional for his/her tax organizer form.

Now that you have your information in one place, spend a few minutes sorting it. Even if you are sending it to a tax professional, sorting will make it easier and less expensive to complete your return. Separate them into general categories – income, banking/finance, expenses/deductions – and be sure to keep personal and business records separate. Further separate them into more specific categories, such as banking, investments, medical, child care, etc. as needed. Use a paper clip to keep related information together. Label each section with a sticky note if that helps you remember what's in the pile. You should have a tidy stack of papers ready to use in preparing your tax return.

Now that you have all of your information handy to file your tax return, get started! If you are owed a refund, get that money back in your bank account as soon as possible. If you owe more in taxes and will have to pay, you can always hold your completed return until close to April 15 and send the money then. At least you will know how much money you need to set aside to pay without penalty. For complete tax information, check the Internal Revenue Service at <http://www.irs.gov>.

While you're thinking of taxes, set up a file for this year's tax information and keep it handy. Every time you have a tax-related document, receipt, or statement just stick it in the file. When you're ready to prepare your taxes next year, all of your information will be together. When you make it as easy to file as it is to pile, you can sit back and smile!

Monica Premo is the owner of Practically Perfect – Practical Organizing Solutions for the Home and Office. For more information, visit her website at www.practicallyperfect.biz.