



Fred J. Toroni & Company

CERTIFIED PUBLIC ACCOUNTANTS

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We are in the midst of a new tax prep season. In order to maximize our appointments and streamline the preparation process, we'd like to share the following tax season filing tips with you. These items specified cover some of the most common deductions requiring documentation. By reviewing the filing tips and providing all your required documentation up front, we can be most efficient in the tax preparation process and you will be proactively prepared in the event of an audit.

Tax Season Filing tips:

The word for 2009 tax filing is documentation, documentation, and documentation.

The Internal Revenue Service has hired many new examiners and agents. Therefore, it is reasonable to anticipate that the number of audits will go up.

We are recommending individuals be very careful and vigilant with their records. We are advising that individuals have all the proof to back up the position they will take on their returns.

The boldface items below are a few of the many items that supporting documentation is required.

1. Charitable Donations:

- You must contribute to a qualified tax-exempt organization. Charities will let you know if they have received their 501(c)(3) tax-exempt status. Some organizations are not required to obtain 501(c)(3) status from the IRS. These include churches and other religious organizations.
- Canceled checks and acknowledgement letters from the charity are necessary. Donations of \$250 or more will not be allowed as a tax deduction unless you have needed supporting documentation. This must be in the form of a letter of receipt from the charity indicating the amount of the cash donation or an appraisal, stating the fair market value of other donated items. In addition your records must indicate the name of the charitable organization, the date of your contribution, and the amount your contribution.
- Usually, for cash contributions, a receipt (or a letter or other written communication) from the qualified organization showing the name of the organization, the date of the contribution, and the amount of the contribution will be provided.

2. Mortgage Interest:

- Form 1098, Mortgage Interest Statement, from your mortgage holder.

3. Real Estate Taxes:

- These may be listed on Form 1098, Mortgage Interest Statement, or copies of your real estate taxes from your township, county, town, and supporting payments.

4. Miscellaneous Business Expenses:

- You must generally provide a written statement of the business purpose of an expense. However, the degree of proof varies according to the circumstances in each case.
- You should keep the proof you need in an account book, diary, a business calendar to record activity, or statement of expense or similar record. You should also keep documentary evidence that, together with your records, will support each element of an expense.
- You generally must have documentary evidence, such as receipts, canceled checks, or bills to support your expenses.
- For auto expenses, the date you started using the car for business, the mileage for each business use, and the total miles for the year.
- For auto expenses, you can deduct actual or the standard mileage rate as well as business related tolls, and parking regarding to the business purposes.

5. Child and Dependent Care Credit:

Information needed to claim Child Care Credit.

- From the provider, required information includes: name, address, taxpayer identification number and amount paid for child and dependent care.

These are a few of the items that the internal revenue service will ask for documentation if your return is pulled for an audit. By being proactive and collecting this information as it is available, you will avoid a 'mad dash' collection scramble just prior to tax time. It also proactively prepares the required information in the event that your return is audited.

If you have additional questions regarding the above items or require clarification, or questions about any other potential necessary documentation, please contact our office.