



Bart Basi

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13 WAYS TO HAPPINESS THIS TAX SEASON

Introduction

Giving your money to the government is worse than giving your money to the rich! Yes, its time to take down the decorations, throw the Christmas tree out the door, get back to business, and get to filing taxes once again! Tax time is a great opportunity, with some work on your part, to make some extra cash, begin investments, and get ahead in life. For those who prepare properly, know taxes, properly execute their return and then plan for next year, achieving the best tax position is possible without terrible pain and expense.

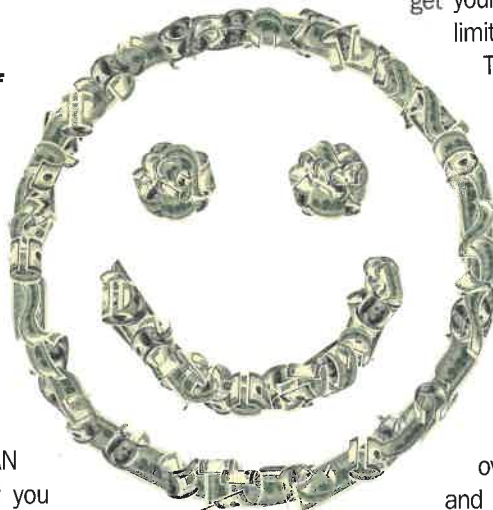
Preparation

1) Write Down A List Of

Income Items. If you have multiple sources of income, it doesn't hurt to make a laundry list of income sources. Many people have more than one source of income. Examples include employment (W-2), self-employment income, dividends, interest, capital gains, farm income, rents, tips, etc. Having a checklist lets you know when you CAN file your taxes. Guessing whether you have the proper income item reports at hand should not be done and taxes should not be a last minute endeavor.

2) Write Down A List Of Expenses And Credits.

There are a whole host of credits and deductions for the individual to take. Of the ones you know, write them down. For instance, did you take a college level class or pay for one for your children? A short note can save you from having to amend a return later on. Have you given anything to retirement accounts or put money in an education account? Have you lost money on stocks or a business? A punch list is handy for all individuals when they file their return.



Knowledge

3) Review Publication 17. Many people take the mindset that their accountant or CPA will not forget or overlook anything in preparation of their tax return. The fact of the matter is that the CPA or tax preparer does not know your entire financial history. Briefly going over publication 17 can give you some insight into the world of taxation.

Execution

4) Decide to FILE YOUR RETURN. No matter if you have to or not, file your return! If you paid in, you will get your money back; further, the statute of limitations runs on returns that are filed.

Too many times individuals will let their returns go until the IRS sends them a substitute for return (known as an SFR). I've seen relatively wealthy individuals get hit with bills as high as \$65,000. I've seen people who should owe no taxes end up owing thousands. Always know your tax position. The IRS will do a return for you, but trust me, you don't want that.

5) IRA deduction? This is often overlooked and under utilized, the IRA and retirement credits go unused. This is absolutely unwarranted for someone to pass on this completely. If nothing else, contribute \$50 and take advantage of this year's deduction which will amount to a higher tax return amount for you in many situations. If you pass it up, you lose an important planning perspective. You have until April 15 to get the money into the respective retirement account.

6) Review the Earned Income Credit. Many people think they do not qualify for the Earned Income Credit or EIC. On the other hand, many people do. Even though you may consider yourself in a high income bracket, the fact is that many of those with paper deductions will still qualify for this credit. Check and make sure you do not pass this up.