

To our tax clients,

In 2017, Congress passed the largest piece of tax reform legislation in more than thirty years. The bill became effective on January 1, 2018 and will affect nearly all tax payers. Here are some of the changes that may be pertinent to your situation:

- The seven tax brackets were retained, and the tax rate lowered for all but the 35% bracket.
- The burden of the individual alternative minimum tax (AMT) was eased by increased income exemptions. AMT will affect fewer taxpayers.
- The standard deduction was increased meaning that fewer taxpayers will need to itemize their deductions.
- Changes were made to the child tax credit, doubling it to \$2,000 per child and raising the income threshold phase-out so that the credit is available to more taxpayers.
- A \$500 non-refundable credit has been added for dependents other than children.
- Personal and dependent exemptions were eliminated.
- The deduction for state and local property, income and sales taxes is now capped at \$10,000.
- Pass-through businesses, including sole proprietorships are entitled to a new 20% deduction.

As in prior years, **we are not allowed to automatically file income extensions on your behalf.** If you want us to file an extension for you, you must provide signed written communication that includes an estimate of your tax liability, as found on federal form 4868. *Because of this limitation, we recommend self-filing extensions online.* Government websites generally offer this option for taxpayers free of charge.

We are required to ask you certain questions and peruse certain documents. *Please obtain and complete our tax organizer and include pertinent information to help facilitate the accurate preparation of your income tax returns.*

**Regulations require that we receive written permission to disclose confidential information to anyone other than you.** We have prepared blank consent forms available at our office. *These regulations are strenuous and thus we recommend that you disclose your information rather than referring third parties to us for such purposes.*

Please contact us with any questions and concerns and we will provide timely and accurate information for your tax needs. ***Please read and sign the other forms enclosed with this letter and return them to us.***

We look forward to serving you this year and appreciate you choosing us as your tax preparers.

Sincerely,

*Killen & Associates*  
Killen & Associates  
Certified Public Accountants, PA  
Charleston, South Carolina

December 31, 2018

## POLICIES FOR THE 2018 TAX SEASON

### Our Office

Our address is:

*Killen & Associates, CPAs, PA  
21-B Gamecock Avenue  
Charleston, SC 29407*

Our office hours are:

*Monday through Wednesday 9:30 to 5:00  
Thursday 9:30 to 3:00  
(closed 12:00 to 1:30 for lunch every day)*

### Tax Preparation

Our policies for income tax preparation remain the same as in past years. We make every effort to complete returns for those whose information is in our office by **February 28<sup>th</sup>**, *but we make no guarantees*. If you have not received all necessary data prior to this date, we urge you to bring in what you have *by February 28<sup>th</sup>* and then add to your file as information is available.

### Engagement

For your convenience we are enclosing an engagement letter that gives us permission to prepare your returns. Please sign and return this with your tax package. If you feel you need to discuss anything in detail please call for an appointment. Keep in mind that our available appointment times are limited and are often scheduled in advance very early in the tax season.

### Electronic Filing

By law, South Carolina now requires us to file all returns electronically when possible, unless the client specifically elects to file by another means. Electronic filing is free and *will be the default filing method for all returns*. ***We are required to have signed authorization prior to electronically filing your returns.***

### Privacy

Federal law prevents us from providing a client's tax return or tax information to anyone other than the client without specific consent in writing. Ad hoc letters will not suffice. *We have forms available in our office for this purpose.*

### Extensions

**PLEASE NOTE:** We are not allowed to automatically file income tax extensions on your behalf. If you want us to file an extension for you, you must provide signed written communication that includes an estimate of your tax liability as found on federal form 4868. *Because of this, we recommend self-filing extensions.* Forms are available in our office and on the Internet. In addition, the IRS and state taxing authorities provide applications online to allow free and speedy filing of extensions.

### Payment

*Payment for services is due when services are rendered unless prior arrangements have been made.*

**NEW THIS YEAR:** We are able to accept credit cards in addition to cash and checks.

### After April 15<sup>th</sup>

We prepare to work long hours during January through April; however, during the remainder of the year tax returns are done as scheduling permits. ***Please do not procrastinate. We cannot guarantee completion of income tax returns by extension deadlines for those who fail to meet our February 28<sup>th</sup> requirement.***

I have read and understand these policies.

\_\_\_\_\_  
CLIENT SIGNATURE

\_\_\_\_\_  
DATE

THIS CONTRACT IS SUBJECT TO MANDATORY AND BINDING ARBITRATION UNDER THE RULES OF THE SOUTH  
CAROLINA ARBITRATION ACT 15-48-10 ET SEQ.

Dear Client,

We appreciate the opportunity of working with you. This letter is to specify the terms of our engagement, clarify the nature and extent of the services we will provide and confirm an understanding of our mutual responsibilities.

We will prepare your 2018 federal and state individual income tax returns from information you provide. Our services are not intended to determine whether you have filing requirements in other tax jurisdictions than the one(s) you have informed us of. If you would like to add any additional forms or services to this engagement, please use the *Comments or Additional Requests* space provided below.

Certain individuals may be required to electronically file Form 114, Report of Foreign Bank and Financial Accounts (FBAR) with the US Department of the Treasury. Failure to comply with the filing requirements may result in significant civil and criminal penalties. Unless otherwise specifically agreed in writing, we will not prepare, file or provide assistance with this form. If you would like to add Form 114 to this engagement, please use the *Comments or Additional Requests* space provided below.

It is your responsibility to provide all the information required to prepare your returns. We will provide you with an organizer of information required for the returns, and you represent that the information you provide will be accurate and complete to the best of your knowledge. We will not audit or otherwise verify the information provided, although we may ask for clarification if the information appears to be incorrect, inconsistent, or incomplete. Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover errors or other irregularities, should any exist. **You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign and file them.**

Taxpayers are required to maintain all the documents that form the basis of income, deductions, credits and payments shown on the return. In addition, some items have specific substantiation requirements set forth by the IRS (e.g., auto, meals & entertainment, and charitable contributions over \$250, etc.). If you have any questions as to the type of records required, please ask us for advice in that regard. Your signature on this letter confirms that we have advised you of the record keeping requirements.

We will use our judgment to resolve questions in your favor where the tax law is unclear or where there are conflicts between the taxing authorities' interpretation of the law and what seem to be other supportable positions. There may be situations where we are required by law to disclose a position on a tax return. We are not attorneys; therefore, we cannot provide you with a legal opinion on various tax positions. We can, however, advise you of the consequences of different positions. We will adopt whatever position you request on your returns so long as it is consistent with our professional standards and ethics. In the event, however, that you ask us to take an unsupported tax position or refuse to make any required disclosures, we reserve the right to withdraw from the engagement without completing or delivering the tax returns. Such withdrawal would complete our engagement and you agree to pay our fees based on time expended (at our standard rates) plus all out-of-pocket expenses through the date of withdrawal.

Your returns may be selected for examination or audit by tax authorities. In the event of such governmental tax examination, we would be pleased to represent you under the terms of a separate engagement.

Your returns will be required to be filed electronically with the IRS and states. We will provide you with a copy of your final returns for review prior to electronic transmission. The IRS requires that you sign an e-file authorization form indicating that you have reviewed the return, it is correct to the best of your knowledge, and you authorize us to submit it electronically. We cannot transmit any return until we have the appropriate signed authorizations. If e-file is not available, paper copies will be provided for you to sign and mail.

If an extension of the time is required, any tax due with these returns must be paid with that extension. Any amounts not paid by the filing deadline may be subject to interest and late payment penalties.

Our fees for these services will be based upon the amount of time required at our standard billing rates, plus out-of-pocket expenses. Payment is to be made when returns are completed. Checks should be made payable to "Killen & Associates".

You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above. We reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of our professional standards, or for any other reason. We will notify you in advance of any decision by us to withdraw, and will take all reasonable steps to assist in the orderly transfer of your tax services. Otherwise, this engagement will be considered complete upon acceptance

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the county of Charleston, SC, by Barnwell Whaley Patterson & Helms, LLC, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to SC law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

If you have any questions, please do not hesitate to contact us. We want to express our appreciation for this opportunity to work with you.

*Killen & Associates*  
Killen and Associates  
Certified Public Accountants, PA  
Charleston, South Carolina

Taxpayer: \_\_\_\_\_

SIGNATURE DATE

Spouse: \_\_\_\_\_

SIGNATURE DATE

[illegible]

**We are required to ask you the following questions:**

**Foreign Accounts**

1. At any time in 2018, did you, or your spouse if filing jointly, have financial interest in or signature authority over a financial account located in a foreign country? \_\_\_ Yes \_\_\_ No
2. During 2018, did you, or your spouse if filing jointly, receive a distribution from or were the grantor of, or transferor to, a foreign trust? \_\_\_ Yes \_\_\_ No

If you answered yes to either of these questions, you may have additional filing requirements.  
*Please make a point to speak with us about this.*

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**Use Tax**

- In 2018, did you make any purchase online, or, outside of your home state, for which you paid no sales tax? \_\_\_ Yes \_\_\_ No

If you answered “Yes”, please provide the total amount of these purchases for 2017.

Amount: \_\_\_\_\_

**Taxpayer:**

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

**Spouse:**

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

2018

Income Tax Organizer

**Killen**  
& Associates CPAs, PA

21-B Gamecock Avenue  
Charleston, SC 29407

Voice: (843) 571-5502

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*This booklet is designed to help you accumulate information accurately in preparation for filing your income tax returns.*

# 2018 Individual Taxpayer Organizer

<b>Taxpayer</b>					SSN	
<i>First</i>	<i>M.I.</i>	<i>Last</i>	Email		IP PIN	
Occupation		Date of birth		Are you new to our firm?    Yes    No		
Address		City		State	Zip	
County		Home phone		Work or cell		
Driver's License	No.			State	Issue Date	Exp. Date
<b>Spouse</b>					SSN	
<i>First</i>	<i>M.I.</i>	<i>Last</i>	Email		IP PIN	
Occupation		Date of birth		Are you new to our firm?    Yes    No		
Address <small>(If different from Taxpayer)</small>		City		State	Zip	
County		Home phone		Work or cell		
Driver's License	No.			State	Issue Date	Exp. Date
If you moved during 2018, enter your previous address.					Date of move	
Marital status at 12/31/18:    Single    Married    Separated    Widow(er)    Registered Domestic Partnership (RDP)    Unsure Were you divorced or separated during the year?    Yes    No                      Were there any deaths in the family?    Yes    No Individuals who are in registered domestic partnerships (RDPs) and civil unions are not considered married for federal tax purposes. Have you received any notice from the IRS or state revenue department within the past year?    Yes    No						
<b>Names of dependent children</b>						
<i>Child's full name</i>	<i>Social Security #</i>	<i>IP PIN</i>	<i>Date of birth</i>	<i>Months lived in home in 2018</i>	<i>Relationship to taxpayer</i>	<i>College student?</i>
Did any of the children have income above \$1,050 for the year?		Yes    No		Do any of the children have a disability?    Yes    No		
Is it anticipated that a different taxpayer will seek to claim a child listed above as their dependent for tax year 2018?		Yes    No				
<b>Other dependents or people who lived with you</b>						
<i>Name</i>	<i>Social Security #</i>	<i>IP PIN</i>	<i>Date of birth</i>	<i>Relationship</i>	<i>Income</i>	
If you are due a refund, would you like it directly deposited into your bank account? <i>Name of bank</i>						
<i>Checking</i>	<i>Savings</i>	<i>Routing transit number</i>		<i>Account number</i>		
Ask your tax preparer for information about depositing a refund into an IRA account or splitting the deposit into more than one account.						

# Questions — All Taxpayers

(Provide related statements or other documentation.)

"You" refers to both taxpayer and spouse — enter "?" if unsure about a question.

LIFESTYLE & TAXES	Yes	No	Are either you or your spouse legally blind?				
	Yes	No	Did you pay or receive alimony in 2018? <i>Paid/Received</i> \$		<i>Recipient's SSN</i>		
	Yes	No	Did you have health insurance for you, your spouse, and all dependents for the entire year?				
	Yes	No	Did you purchase health insurance through a public exchange?				
	Yes	No	Will there be any significant changes in income or deductions next year, such as retirement?				
	Yes	No	Have you paid alternative minimum tax (AMT) in previous years?				
	Yes	No	Did you pay anyone for domestic services in your home?				
	Yes	No	Did you purchase a new energy-efficient car, truck, or van?				
	Yes	No	Are you involved in bankruptcy, foreclosure, repossession, or had any debt (including credit cards) cancelled?				
	Yes	No	Are you a member of the military?				
	Yes	No	Were you a citizen of or lived in a foreign country?				
	Yes	No	Do you own or have financial interest in a foreign bank or financial account?				
	Yes	No	Would you like to allow your tax preparer or another person to discuss your return with the IRS? <i>Designee's name</i> <i>Phone number</i> <i>PIN (any five digits)</i>				
CHILDREN & EDUCATION	Yes	No	Were any children born or adopted in 2018? (Provide statement for other expenses.)				
	Yes	No	Were any children attending college?	<i>Year in college</i>	Paid by you: <i>Tuition</i> \$	<i>Student loan interest</i> \$	<i>Books</i> \$
					Paid by student: <i>Tuition</i> \$	<i>Student loan interest</i> \$	<i>Books</i> \$
	Yes	No	Did you pay any tuition for a private school for a dependent or take classes yourself?				
			<i>Student</i>		<i>Amount paid</i> \$		
			<i>Name and address of school</i>				
	Yes	No	Did you pay for child or dependent care so you could work or go to school? (add statement if needed)				
			<i>Name of provider</i>		<i>EIN or SSN</i>		
			<i>Address</i>		<i>Amount paid</i> \$		
	Yes	No	Do you have any children who earned more than \$2,100 of investment income?				
Yes	No	Did you make any contributions to a 529 plan in 2018?					
INVESTMENTS	Yes	No	Did you, or will you, contribute any money to an IRA for 2018?		Traditional IRA	Roth IRA	
	Yes	No	Did you roll over any amounts from a retirement account in 2018?				
	Yes	No	Did you sell or transfer any stock or sell rental or investment property?				
	Yes	No	Did you receive any income from an installment sale?				
	Yes	No	Did you have any investments become worthless or were you a victim of investment theft in 2018?				
	Yes	No	Were you granted, or did you exercise, any employee stock options during 2018?				
DEDUCTIONS	Yes	No	Did you pay any interest on a loan for a boat or RV that has living quarters? If yes, provide details.				
	Yes	No	Did you pay sales taxes on a major purchase in 2018, such as a vehicle, boat, or home?				
	Yes	No	Did you make any charitable contributions in 2018?				
BUSINESS	Yes	No	Did you work from a home office or use your car for business?				
	Yes	No	Did you receive income from a sharing/gig economy activity (e.g. Airbnb, Uber, etc.)				
	Yes	No	Do you own a business or an interest in a partnership, corporation, LLC, farming activities, or other venture?				
HOME	Yes	No	Did you purchase or sell a main home during the year? If yes, provide closing statement.				
	Yes	No	If you sold a home, did you claim the First-Time Homebuyer Credit when it was purchased? If yes, provide details.				
	Yes	No	Did you refinance a mortgage or take a home equity loan? (Provide closing statement)				
	Yes	No	Did you use any mortgage loan proceeds for purposes other than to buy, build, or substantially improve your home?				
	Yes	No	Did you make any new energy-efficient improvements to your home? If yes, provide details.				
<b>State information</b> Full-year resident      Part-year resident      Nonresident States of residence during 2018 and dates School district _____ Do you rent or own your home?      Rent      Own							



## Income Worksheet

Provide to your preparer all Forms W-2, 1099-INT, 1099-DIV, 1099-R, 1099-MISC, and other income reporting statements. Do not list dollar amounts for the following forms. Your preparer will report the appropriate amounts.

Indicate "T" for taxpayer, "S" for spouse, "J" for joint

Provide additional statements if more room is needed

### Forms W-2—Wage and Tax Statement

T/S	Employer name	T/S	Employer name
	1)		4)
	2)		5)
	3)		6)

### Forms 1099-INT—Interest Income

T/S/J	Name of issuer	T/S/J	Name of issuer
	1)		4)
	2)		5)
	3)		6)

### Forms 1099-DIV—Dividends and Distributions

T/S/J	Name of issuer	T/S/J	Name of issuer
	1)		4)
	2)		5)
	3)		6)

### Forms 1099-R—Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, Etc.

T/S	Name of issuer	T/S	Name of issuer
	1)		4)
	2)		5)
	3)		6)

If the distribution is before age 59½, give a reason to determine if an exception to penalty applies.

### Tax-Exempt Interest (such as municipal bonds—include statement)

Payer	\$	Payer	\$
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### Other Income

State tax refund	\$	Unreported tips	\$
Alimony	\$	Other	\$
Unemployment compensation	\$		\$
Social Security (taxpayer)—provide SSA-1099 or RRB-1099	\$		\$
Social Security (spouse)—provide SSA-1099 or RRB-1099	\$		\$
Business income (see <i>Sole Proprietorship Tax Organizer</i> )		Stock sales	See "Sales and Exchanges Worksheet" below.
Rental income (see <i>Rental Property Tax Organizer</i> )		Sale of other property	

## Sales and Exchanges Worksheet

Provide information about sales of stock, real estate, or other property, along with Forms 1099-B, 1099-S, or other supporting statements.

Description of property	Purchase date	Cost/basis	Sale date	Sale price
		\$		\$
		\$		\$
		\$		\$

### Notes:

- When stock is sold, you will usually receive Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, reporting the proceeds from the sale. However, your statement will not always provide the cost/basis information necessary to compute gain or loss. If the statement does not contain the cost/basis information, you must provide it. You may need to contact your broker for questions about cost/basis and purchase dates of your stock accounts.
- Often, "transfers" of stock or mutual funds within a brokerage account are actually sales of one type of stock and purchase of another. Even if you did not receive any cash from the transaction, you may have taxable gain or loss.
- If your stock dividends are automatically reinvested, the dividends will be taxable even though you did not receive any cash. The transaction is treated as if you had received cash and purchased additional stock. When the stock is sold, the amount reinvested over the years is taken into account. You may need to contact your broker for questions about the amount of reinvested dividends.
- If you sold property other than stock, your taxable gain or loss will be determined by your cost/basis. The cost/basis is usually the original purchase price plus improvements (the cost of repairs and maintenance are not taken into account for cost/basis).

## Itemized Deductions Worksheet

Deductions must exceed \$12,000 Single, \$24,000 MFJ, \$18,000 HOH, or \$12,000 MFS to be a tax benefit.

**Medical Expenses.** Must exceed 7.5% of income to be a benefit—include cost for dependents—do not include any expenses that were reimbursed by insurance.

Dentists	\$	Hospitals	\$
Doctors	\$	Insurance	\$
Equipment	\$	Prescriptions	\$
Eyeglasses	\$	Other	\$
Medical miles: _____ @ 18¢			

**Taxes Paid.** Do not include taxes paid for full or partial business or rental-use property, including business use of the home.

State withholding	<i>Reported on W-2</i>
State estimated taxes—paid in 2018	\$
Real estate tax—residence	\$
Real estate tax—other	\$
Personal property taxes	\$
Property tax refund—received in 2018	\$ ( )
Foreign tax paid	\$
Other	\$
Other	\$
Other	\$
Balance paid in 2018 from prior year state returns (do not include interest or penalties)	\$
Did you keep receipts for sales tax paid during 2018?	Yes No
Did you purchase a car, plane, boat, or home in 2018?	Yes No
Sales tax paid \$	Purchase paid \$ Date

**Interest Paid.** Do not include interest paid for full or partial business or rental-use property, including business use of the home. Provide all Forms 1098 or lender information and ID numbers.

Main home	\$	Equity loan	\$
Second home	\$	Equity loan	\$
Points	\$	Investment interest	\$

Did you pay a mortgage insurance premium when you purchased your home? Amount \$ Date

**Charitable Contributions.** If over \$500 in noncash charitable contributions, provide details of contributions. Rules require that the taxpayer retain documentation for all cash contributions.

Cash	\$
Noncash contributions (FMV). Clothing or household items must be in good used condition or better.	\$
Did you transfer funds from an IRA directly to a charity? Yes No	\$
Charitable mileage	

### Casualty and Theft Losses

If you suffered any sudden, unexpected damage or loss of property, or a theft in a federally-declared disaster area, provide details to your tax preparer. Yes No

**Miscellaneous Itemized Deductions.** Miscellaneous itemized deductions subject to the 2% AGI limitation are no longer deductible on the federal return. However, these expenses may still be deductible on your state return. For use of home, auto mileage, or other job-related expenses, provide information on a separate sheet. Were any expenses reimbursed by your employer? Yes No

Dues	\$	Subscriptions	\$
Investment expenses	\$	Supplies	\$
Job education	\$	Tax prep fees	\$
Job seeking	\$	Tools	\$
Legal fees	\$	Uniforms	\$
Licenses	\$	Union dues	\$
Safety equipment	\$	Other	\$

**Other Deductions.** The following deductions are not subject to a 2% of income limit.

Gambling losses	\$	Federal estate tax on IRD	\$
Impairment-related expenses	\$	Loss from box 2, K-1, Form 1065B	\$

## Other Deductions or Questions

- Notes:**
- Gambling losses are deductible only up to the amount of gambling winnings reported. A log must be kept to verify losses.
  - Work clothing is not deductible if adaptable for every day wear. Exception for safety equipment, such as steel-toe boots.
  - Expenses to enable individuals, who are physically or mentally impaired, to work are generally deductible.

## Adjustments Worksheet

Educator expenses. Classroom expenses of teachers, counselors, and principals. Maximum \$250 each.	\$
Health savings account deduction (HSA).	\$
Self-employed SEP, SIMPLE, and qualified plans. Some contributions for 2018 may be made in 2019.	\$
Self-employed health insurance deduction. Sole proprietors, partners, and 2% S corporation shareholders if not eligible for employer coverage.	\$
Penalty on early withdrawal of savings.	\$
IRA deduction. For traditional IRAs. Roth IRAs are not deductible. Some contributions for 2018 may be made in 2019.	\$
Student loan interest deduction. Paid for taxpayers and dependents. Income limits apply.	\$
Tuition and fees deduction. Qualified tuition and fees if not claiming education credits. Income limits apply.	\$
Moving expenses. Available only to members of the Armed Forces (or their spouses or dependents) on active duty that move pursuant to a military order and incident to a permanent change of station.	Ask preparer
Business expenses of reservists, performing artists, and fee-based government officials.	Ask preparer

## Estimated Tax Payments — Tax Year 2018

<i>Installment</i>	<i>Date paid</i>	<i>Federal</i>	<i>Date paid</i>	<i>State</i>
First		\$		\$
Second		\$		\$
Third		\$		\$
Fourth		\$		\$
Amount applied from 2017 overpayment?		\$		\$
Total		\$		\$

## Tax Preparation Checklist

Please provide the following documentation:

All Forms W-2 (wages), 1099-INT (interest), 1099-DIV (dividends), 1099-B (proceeds from broker or barter transactions), 1099-R (pensions and IRA distributions), Schedules K-1 from partnerships, S corporations, estates and trusts, and other income reporting statements, including all copies provided from the payer.

Form 1095-A (for health insurance purchased through a public exchange), Form 1095-B (for health insurance purchased outside of a public exchange), or Form 1095-C (for employer-provided health insurance coverage).

If you are a new client, provide copies of last year's tax returns.

The completed Individual Income Tax Organizer. **Note:** If you choose not to fill out the organizer, you must at least answer the "Yes" or "No" questions under "Questions—All Taxpayers."

Copy of the closing statement if you bought or sold real estate.

Mileage figures for any automobile expenses claimed, including total mileage, commuting mileage, and business mileage.

Detail of estimated tax payments made, if any.

Income and deductions categorized on a separate sheet for business or rental activities.

List of itemized deductions categorized on a separate sheet for medical, taxes, interest, charitable, and miscellaneous deductions.

Copy of all acknowledgement letters received from charitable organizations for contributions made in 2018.

## Tax Return Preparation

We will prepare your tax return based on information you provide. In the event your return is audited, you will be responsible for verifying the items reported. It is important that you review the return carefully before signing to make sure the information is correct. Unless otherwise stated, the services for preparation of your return do not include auditing, review, or any other verification or assurance.

## Taxpayer Responsibilities

- You agree to provide us all income and deductible expense information. If you receive additional information after we begin working on your return, you will contact us immediately to ensure your completed tax returns contain all relevant information.
- You affirm that all expenses or other deduction amounts are accurate and that you have all required supporting written records. In some cases, we will ask to review your documentation.
- You must be able to provide written records of all items included on your return if audited by either the IRS or state tax authority. We can provide guidance concerning what evidence is acceptable.
- You must review the return carefully before signing to make sure the information is correct.
- Fees must be paid before your tax return is delivered to you or filed for you. If you terminate this engagement before completion, you agree to pay a fee for work completed. A retainer is required for preparation of late returns.
- You should keep a copy of your tax return and any related tax documents. You may be assessed a fee if you request a copy in the future.

**Signatures.** By signing below, you acknowledge that you have read, understand, and accept your obligations and responsibilities. For a joint return, both taxpayers must sign.

<i>Taxpayer</i>	<i>Spouse</i>	<i>Date</i>
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## Privacy Policy

The nature of our work requires us to collect certain nonpublic information. We collect financial and personal information from applications, worksheets, reporting statements, and other forms, as well as interviews and conversations with our clients and affiliates. We may also review banking and credit card information about our clients in the performance of receipt of payment. Under our policy, all information we obtain about you will be provided by you or obtained with your permission.

Our firm has procedures and policies in place to protect your confidential information. We restrict access to your confidential information to those within our firm who need to know in order to provide you with services. We will not disclose your personal information to a third party without your permission, except where required by law. We maintain physical, electronic, and procedural safeguards in compliance with federal regulations that protect your personal information from unauthorized access.

# Sole Proprietorship Tax Organizer

Use a separate organizer for each business

## Sole Proprietor General Information

Name of sole proprietor			
Business name (if different)			EIN (if applicable)
Business address (if different from home address)			
Principal business activity			Date business started
Principal product or service			
Yes	No	Was the primary purpose of the business activity to realize a profit?	
Yes	No	Did you materially participate in the operation of this business?	
Yes	No	Has the business reported any losses in prior years?	
Accounting method: Cash    Accrual    Other (specify)			
Yes	No	Does the business file under a calendar year? (If no, list the fiscal year.)	

## Sole Proprietor Specific Questions

Yes	No	Did you pay any family members for services?	
Yes	No	Did you make any payments of \$600 or more to subcontractors, attorneys, accountants, directors, etc.?	
Yes	No	If Yes, did you issue Form 1099-MISC? List name and social security number (SSN) for each person to whom you paid \$600 or more.	
		Name	SSN
		Name	SSN
Yes	No	Did you make, or do you plan to make, any contributions to a self-employed retirement plan?	
		Type of plan	Amount contributed \$
Yes	No	Did you pay for your own health/dental insurance? If Yes, provide amount of premiums paid during the year.	
Yes	No	Did you have any employees?	
Yes	No	Did you have any bartering transactions in 2018?	

## Sole Proprietor Business Income

Gross receipts or sales (if you received Forms 1099-MISC, list name of payer and amount separately from gross receipts or sales)			\$
Form 1099-MISC	\$	Form 1099-K	\$
Form 1099-MISC	\$	Form 1099-K	\$
Total of all Forms 1099-MISC and 1099-K received			\$
Returns and allowances			\$ (      )
Other income (not included in gross receipts above)			\$

**Form 1099-MISC.** You may receive Form 1099-MISC (instead of Form W-2) if you are not classified as an employee. If you receive Form 1099-MISC, you are generally required to file Schedule C, *Profit or Loss From Business*, claim any expenses associated with the income received, and must pay self-employment (SE) tax on the income.

## Sole Proprietor Cost of Goods Sold (for manufacturers, wholesalers, and businesses that make, buy, or sell goods)

Inventory at the beginning of the year	\$
Purchases	\$
Cost of labor	\$
Materials and supplies	\$
Inventory at the end of the year	\$

## Sole Proprietor Business Expenses

Advertising	\$	Meals – business	\$
Bad debts	\$	Office supplies	\$
Bank charges	\$	Start-up costs (first year of business)	\$
Business licenses	\$	Pension and profit sharing plans	\$
Commissions and fees	\$	Rent or lease – car, machinery, equipment	\$
Contract labor*	\$	Rent or lease – other business property	\$
Employee benefit programs	\$	Repairs and maintenance	\$
Employee health care plans	\$	Supplies (not included in inventory cost)	\$
Entertainment	\$	Taxes – payroll*	\$
Gifts	\$	Taxes – property	\$
Insurance (other than health insurance)	\$	Taxes – sales	\$
Interest – mortgage	\$	Taxes – state	\$
Interest – other	\$	Telephone	\$
Internet service	\$	Utilities	\$
Legal and professional services	\$	Wages*	\$
Management fees	\$	Other	\$

\*Provide copies of Form W-3, Form 940, Form 941, Form 1096, Form 1099-MISC, and any state tax forms filed.

Other Business Expenses – List out type and expense amount			
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$

Car Expenses (use a separate form for each vehicle)			
Make/Model			Date car placed in service
Yes	No	Car available for personal use during off-duty hours?	
Yes	No	Do you (or your spouse) have any other cars for personal use?	Did you trade in your car this year? Yes No
Yes	No	Do you have evidence?	Cost of trade-in Trade-in value
Yes	No	Is your evidence written?	\$ \$
		Mileage	Actual Expenses
Beginning of year odometer		Gas/oil	\$
End of year odometer		Insurance	\$
Business mileage		Parking fees/tolls	\$
Commuting mileage		Registration/fees	\$
Other mileage		Repairs	\$

Generally, you can use either the standard mileage rate or actual expenses to figure the deductible costs of operating your car for business purposes. However, to use the standard mileage rate, it must be used in the first year the car is available for business. In later years, you can then choose between either the standard mileage rate method or actual expenses.

Travel Expenses			
<b>• Meals.</b> You can deduct the cost of meals while traveling away from home on business. You can use the actual cost of your meals or the standard meal allowance per diem, which can vary by location.		<b>• Travel/Lodging.</b> You can deduct the ordinary and necessary expenses of traveling away from your home for business purposes. Included expenses are transportation, airfare, taxi, lodging, etc.	
City visited (for per diem)	# of days in city	City visited (for per diem)	# of days in city

Travel expenses			
Airfare	\$	Other travel expenses (describe below)	
Bus, train, taxi	\$		\$
Entertainment	\$		\$
Lodging	\$		\$
Parking and tolls	\$		\$
Meals (actual receipts)	\$		\$

Equipment Purchases – Enter the following information for depreciable assets purchased that have a useful life greater than one year				
Asset	Date purchased	Cost	Date placed in service	New or used?
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		

**Depreciation.** Depreciation is the annual deduction that allows you to recover the cost or other basis of your business property over a certain number of years. Depreciation starts when you first use the property in your business. It ends when you either take the property out of service, deduct all your depreciable cost or basis, or no longer use the property in your business. The IRS has outlined a useful life (a set number of years) for most assets.

Equipment Sold or Disposed of During Year				
Asset	Date out of service	Date sold	Selling price/FMV	Trade-in?
			\$	
			\$	
			\$	
			\$	

**Disposition of Property.** A disposition of property occurs when you sell property for cash or other property, you exchange property for other property, you transfer property to satisfy a debt, you abandon property, your bank forecloses or repossesses your property, or your property is damaged, destroyed, or stolen and you receive property or money in payment.

### Business Use of the Home

Area of home must be exclusively used for business except for storage or day care. **Note:** Managing rental activities or investments does not qualify for business use of the home.

All Taxpayers		For Day Care Only	
A) Business use area (square footage)		1) Hours used for day care	
B) Total area of home (square footage)		2) Total hours in year	8,760 hrs.

Enter below only the expenses paid during the period the home was used for business.

**Direct expenses** benefit only the business use portion of the home. This includes painting or repairs exclusively for the business area.

**Indirect expenses** are for keeping up and running the entire home, such as mortgage interest and property taxes.

If you bought or sold your home during 2017, copy this worksheet and fill out one for each home.

	Direct	Indirect		Direct	Indirect
Mortgage interest	\$	\$	Repairs and maintenance	\$	\$
Property taxes	\$	\$	Utilities	\$	\$
Insurance	\$	\$	Other	\$	\$
Rent	\$	\$	Other	\$	\$

### Depreciation of the Home

Lower of cost or fair market value of home	\$	Improvements?	Yes	No
Value of land	\$	Casualty losses in 2018?	Yes	No

### 1) Exclusive Use Test—Business Use of Home

The exclusive use test is met if an area of the home is used only for business. The area can be a room or other separately identifiable space. The space does not need to be marked off by a permanent partition. This test is not met if the taxpayer uses the area both for business and for personal purposes, such as a den used for business during the day and TV viewing during the evening.

The exclusive use test is not required for:

- An area used on a regular basis for storage of inventory or product samples.
- A home used as a day care facility.

Storage of inventory or product samples—exception to exclusive use test. A taxpayer using part of a home for business to store inventory or product samples is not required to meet the exclusive use test. However, the taxpayer must meet all the following tests.

- The taxpayer is in the business of selling products at wholesale or retail.
- The inventory or product samples are kept in the home for use in the business.
- The taxpayer's home is the only fixed location of the business.
- The storage space is used on a regular basis.
- The storage space is a separately identifiable space suitable for storage.

### 2) Regular Use Test—Business Use of Home

The regular use test means a taxpayer must use a specific area of the home for business on a regular basis. Incidental or occasional business use is not regular use. All facts and circumstances are considered in determining whether the business use is regular.

### 3) Trade or Business Use Test—Business Use of Home

To satisfy the trade or business use test, the portion of the home used for business must be used in connection with a trade or business. If the business use is for a profit-seeking activity that is not a trade or business, the deduction is not allowed.

### 4) Principal Place of Business Test—Business Use of Home

A trade or business can have more than one location. To qualify for a business use of home deduction, the home must be the principal place of business for that trade or business. To make this determination, the following are considered.

- The relative importance of the activities performed at each place where business is conducted, and
- The amount of time spent at each place where business is conducted.

A home office qualifies under this test if:

- The home office is used exclusively and regularly for administrative or management activities of the trade or business.
- There is no other fixed location where substantial administrative or management activities are conducted.

### Self-Employment (SE) Tax

• SE tax is a Social Security and Medicare tax primarily for individuals who are self-employed. It is similar to the Social Security and Medicare tax withheld from the pay of most wage earners. Your payments of SE tax contribute to your coverage under the Social Security system. Social Security coverage provides you with retirement benefits, disability benefits, survivor benefits, and hospital insurance (Medicare) benefits.

• You must pay SE tax if your net earnings from self-employment were \$400 or more, or you had church employee income of \$108.28 or more. The SE tax rules apply no matter how old you are and even if you are already receiving Social Security or Medicare benefits.

• For 2018, the SE tax rate on net earnings is 15.3% (12.4% for Social Security plus 2.9% for Medicare). Only the first \$128,400 (2018) of combined wages, tips, and net earnings is subject to the 12.4% Social Security part of SE tax.

# Rental Property Tax Organizer

## Rental Income and Expenses

Indicate type of property as 1 -Single Family Residence, 2-Multi-Family Residence, 3 -Vacation/Short-Term Rental, 4 -Commercial, 5- Land, 6-Self-Rental, or 7-Other (describe).

	<i>Property A</i>		<i>Property B</i>		<i>Property C</i>	
	Location of property:		Location of property:		Location of property:	
	Type		Type		Type	
	Any personal use?	Yes No	Any personal use?	Yes No	Any personal use?	Yes No
	<i>Fair Rental Days</i>	<i>Personal Use Days</i>	<i>Fair Rental Days</i>	<i>Personal Use Days</i>	<i>Fair Rental Days</i>	<i>Personal Use Days</i>
Date placed in service						
Rents received	\$		\$		\$	
<b>Expenses</b>						
Advertising	\$		\$		\$	
Cleaning and maintenance	\$		\$		\$	
Commissions	\$		\$		\$	
Insurance	\$		\$		\$	
Legal and professional fees	\$		\$		\$	
Management fees	\$		\$		\$	
Mortgage interest paid to banks	\$		\$		\$	
Other interest	\$		\$		\$	
Repairs	\$		\$		\$	
Supplies	\$		\$		\$	
Taxes	\$		\$		\$	
Utilities	\$		\$		\$	
Other (list)	\$		\$		\$	
	\$		\$		\$	
	\$		\$		\$	
	\$		\$		\$	
	\$		\$		\$	
	\$		\$		\$	

## Property Information

If this is your first year with our firm, please provide a depreciation schedule for all property placed in service before 2018.

**Property Purchased.** Treat the cost of improvements made to real property as the purchase of a new asset.

<i>Asset</i>	<i>Date purchased</i>	<i>Cost</i>	<i>Date placed in service</i>
		\$	
		\$	
		\$	
		\$	
		\$	

## Property Sold or Taken Out of Service

<i>Asset</i>	<i>Date sold or taken out of service</i>	<i>Selling price</i>	<i>Trade in?</i>
		\$	
		\$	
		\$	
		\$	
		\$	