

Tax Preparation Reference Sheet

Quick Guide to Tax Planning and Compliance

Key Concepts

- **Tax Planning:** Legal strategies to minimize tax liability through informed decisions
- **Tax Compliance:** Following tax laws correctly and filing on time
- **Tax Evasion:** Illegal non-payment through deception (avoid at all costs!)
- **Tax-Advantaged Accounts:** Special accounts that provide tax benefits (IRA, 401k, HSA)

Key Tax Terms

Adjusted Gross Income (AGI)

Gross income minus above-the-line deductions

Standard Deduction

Fixed deduction based on filing status (\$13,850 single, \$27,700 MFJ)

Taxable Income

AGI minus deductions; the amount actually taxed

Tax Liability

Total tax owed before credits are applied

Tax Bracket

Income range subject to a specific marginal rate

Filing Status Options

Single

Unmarried or legally separated

Married Filing Jointly

Married couple filing one return (usually best rate)

Married Filing Separately

Married couple filing two returns

Head of Household

Unmarried with qualifying dependent

Qualifying Widow(er)

Surviving spouse with dependent child

Important Tax Deadlines

Date	Deadline	Notes
January 31	W-2s and 1099s due	Employers must send to employees
April 15	Tax filing deadline	Also IRA contribution deadline
April 15	Q1 estimated tax due	For self-employed individuals
June 15	Q2 estimated tax due	For self-employed individuals
September 15	Q3 estimated tax due	For self-employed individuals
October 15	Extension deadline	Must have filed extension by April 15

Essential Documents

W-2

Wages from employers

1099-NEC

Freelance income

1099-INT

Interest income

1099-DIV

Dividend income

1098

Mortgage interest

1098-E

Student loan interest

1098-T

Tuition paid

5498

IRA contributions

Common Deductions

- **Student loan interest** - Up to \$2,500
- **Traditional IRA** - Up to \$6,500 (\$7,500 if 50+)
- **HSA contributions** - Up to \$3,850 individual
- **Educator expenses** - Up to \$300
- **Mortgage interest** - On loans up to \$750,000
- **State/local taxes** - Up to \$10,000 (SALT)
- **Charitable contributions** - Up to 60% of AGI
- **Medical expenses** - Exceeding 7.5% of AGI

Common Tax Credits

- **American Opportunity** - Up to \$2,500 (education)
- **Lifetime Learning** - Up to \$2,000 (education)
- **Child Tax Credit** - Up to \$2,000/child
- **Child Care Credit** - Up to \$3,000 (1 child)
- **Saver's Credit** - Up to \$1,000 (retirement)
- **Earned Income Credit** - Up to \$7,430 (refundable)

Common Mistakes to Avoid

- **Missing deadlines** - File on time, even if you can't pay
- **Math errors** - Double-check all calculations
- **Wrong filing status** - Choose the most beneficial status
- **Missing income** - Report ALL income sources
- **Incorrect SSN** - Verify all Social Security numbers
- **Poor records** - Keep documents for 3+ years

Remember: Tax planning is an ongoing process, not just an annual task. Proactive planning throughout the year can significantly reduce your tax burden while ensuring full compliance with tax laws. When in doubt,

consult a qualified tax professional.

PFL Academy | Chapter 2.5: Tax Planning and Compliance

Tax laws change frequently. Verify current rates and limits at IRS.gov