

Tax Advice: Making Tax Time Easier



Tax advice is something that all of us are interested in. Who doesn't want to make sure that they are getting everything they are owed? The problem is that most tax advice centers around how to make the most of your deductions without facing the problem that sabotages a large number of us each year: we don't have the proof that we deserve these deductions.

Each year, shortly after the New Year has arrived, people start bemoaning the fact that "tax time is going to be here before you know it". Most admit it wouldn't be such a dreaded task if they had kept track of things like receipts and other documents throughout the year.

When you create a home for future reference items, you prevent that panicked feeling each spring as you try to remember the financial details of your year.

Our First Piece Of Tax Advice Is To Create A System To Sort Income, Expenses And Taxes.

Throughout the year you will come across paper documents supporting important information for your tax returns. Sort this information into three categories, using separate hanging files or binders. If you like uniformity, stick with one color for your files or binders. If you are more visual, you might prefer a separate color for each category:

1. **Income:** Here is where you'll keep payroll stubs, 1099's, Dividend Distribution statements, Gain & Loss statements and Annual statements from your financial institutions.
2. **Expenses:** Receipts of deductible items such as donations, loan interest statements, school/tuition expenses, business expenses such as mileage or uniforms. For real estate transactions, you'll need the closing statement and any home improvement receipts in case those are deductible.
3. **Taxes:** If you pay any kind of taxes throughout the year (i.e. quarterly, estimated) keep these receipts in your Taxes File or Binder.



Valuable Tax Advice on Receipts

If you purchase items that you'll need proof of when tax time comes, you'll want to be sure to hang on to the receipt. Sometimes it may not be convenient to file the receipt immediately.

- Keep an expandable wallet in your vehicle or kitchen. These are two locations where receipts are often found "floating". Once a month, transfer the receipts into your Expense File or Binder.
- If possible, make a note on each receipt what was purchased and circle/highlight the date. When you're in the middle of preparing your taxes, you'll appreciate this attention to detail.

Hopefully you will take this fundamental tax advice and put it to good use. You now have a place to put your tax information and it will be easy to access and use come the start of the New Year. In fact, this tax advice may help you be so organized that you'll do your taxes early next year.

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