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## 2007 INCOME TAX RETURN

SELF	SPOUSE
Name _____	Name _____
Occupation _____	Occupation _____
SSN _____ Date of Birth _____	SSN _____ Date of Birth _____
Home Phone _____ Disabled ? Blind ?	Home Phone _____ Disabled ? Blind ?
Work Phone _____ Extension _____	Work Phone _____ Extension _____
Cell Phone _____ Best Time to Call _____	Cell Phone _____ Best Time to Call _____
Email _____	Email _____
Present Address _____ Zip Code _____ County _____	
Address on Last Year's Tax Return (if different) _____ Date Address Changed _____	

## Personal Income Tax Organizer and Deduction Finder

### ITEMS YOUR TAX PREPARER WILL NEED

- ? 1. Your completed Personal Income Tax Organizer and Deduction Finder.
- ? 2. All Forms W-2 (wages) and all Forms 1099 and 1098  
 1099-INT for interest, 1099-DIV for dividends, 1099-B for sale of securities, 1099-R for annuities, pensions and IRA/Keogh or other retirement plan withdrawals, 1099-G for state tax refund, SSA-1099 for Social Security, 1099-G for unemployment compensation and 1099-MISC for commissions and fees, etc. Include all copies.
- ? 3. Copies of Schedules K-1 for partnerships, joint ventures, S corporations, estates or trusts.  
 Note: You do not need these documents in order to make your tax appointment. These documents may be dropped off or mailed to your tax preparer at a later date.
- ? 4. If you sold real estate, stock or a mutual fund during the year, see STEP 4.
- ? 5. If you acquired or refinanced a home or other property this year, bring in a copy of your closing statement.
- ? 6. If you are a new client, provide copies of tax returns for 2004, 2005, and 2006.

# STEP 1

Filing Status: ? Single ? Married Filing Joint ? Surviving Widow(er) with Dependent Child

? Head of Household <sup>1</sup> ? Married and Separate Return

List Spouse's Name \_\_\_\_\_ Spouse's SSN \_\_\_\_\_

**In year 2007 only:**

? Married (date: \_\_\_\_\_) ? Divorced (date: \_\_\_\_\_) ? Spouse Died (date: \_\_\_\_\_)

Dependents		Full Name	DOB	SSN	FTS
Children living with you age 18 or younger, (age 19-23 if attending school full time for at least five months during the year) who did not provide more than half of their own support or a permanently and totally disabled child.	1.				
	2.				
	3.				

  

Other Dependents	Relationship	DOB	Social Security #	2007 Gross Income	# Months Resided in Your Home in 2007	% Support Received From You

- ? Check if you are a noncustodial parent claiming an exemption(s) for your child(ren) because the custodial parent released the exemption to you. (Provide Form 8332 signed by the custodial parent)
- ? Check if any of your dependent children have unearned income over \$850. Unearned income consists of interest, dividends, capital gains, etc.
- ? Check if your exemptions changed since last year. *Examples:* Births, deaths, adoptions, children you can no longer claim
- <sup>1</sup> If you were unmarried (or considered unmarried) at the end of the tax year, and you maintained a home that for more than half of the tax year is the principal home of your qualifying child, you may be eligible for Head of Household filing status. If you are married, you may be considered unmarried for this purpose if your spouse did not live in your home during the last six months of the tax the tax year. If maintaining the household of a parent, the parent does not need to live with you to qualify.

# STEP 2

**The following items may affect your tax return. Please answer carefully.**

Yes No

1. ? ? Did you pay or receive (circle one) alimony during 2007? Do not include child support.  
To/From: Name \_\_\_\_\_ SSN \_\_\_\_\_ Amount \$ \_\_\_\_\_
2. ? ? Do you own any securities or hold any debts that became worthless during the year? If yes, provide details.
3. ? ? Were any stock options granted to you by your employer, or did you exercise any stock options in 2007? If yes, provide details.
4. ? ? Are you a National Guard member or an Armed Forces reservist and travel more than 100 miles and stay overnight to fulfill duty? If yes, provide details.
5. ? ? Did you move in 2007 because of a job change? Provide details for a possible moving expense deduction.
6. ? ? If you (or your spouse) are age 70½ or older, are you taking required minimum retirement distributions from qualified retirement plans and IRAs?
7. ? ? Did you (or do you plan to before April 15, 2008) contribute to a traditional IRA or Roth IRA for 2007 (circle one).  
Self \$ \_\_\_\_\_ Spouse \$ \_\_\_\_\_
8. ? ? Are you interested in making additional contributions to a retirement plan? (See Tax Tips 3,4, and 5)
9. ? ? Are you a teacher and if so, did you incur out-of-pocket classroom costs in 2007? Amount \$ \_\_\_\_\_
10. ? ? Did you pay child care costs for a dependent child under age 13, or costs of caring for a handicapped individual, so you could work, attend school or look for a job? If yes, provide the amounts paid for each dependent and the names, addresses and taxpayer identification numbers of the care providers. Also, show how much, if any, was reimbursed by an employer dependent care plan: \$ \_\_\_\_\_ (See Tax Tip 13)
11. ? ? Did you incur any expenses in 2007 associated with the adoption of a child? If yes, provide details.
12. ? ? Did you purchase a new hybrid vehicle in 2007? If yes, provide make, model and date of purchase. (See Tax Tip 13)
13. ? ? Did you receive any tips during the year? If yes, were all tips reported to your employer? ?yes ?no (See Tax Tip 11)
14. ? ? Did you pay any individual \$1500 or more to perform household services during the year, such as babysitting, cleaning, cooking, or gardening?
15. ? ? Did you refinance your home mortgage during 2007? Provide closing papers.
16. ? ? Did you have any out-of-pocket expenses associated with your job? Provide amounts and details. For employment-related travel or transportation expenses, complete STEP 8. **Note:** Traveling to and from work is nondeductible commuting.
17. ? ? Do you have income from a foreign investment, such as interest from a foreign bank account or pay any foreign taxes? If yes, provide details.

**\*\*CONTINUED ON PAGE 3\*\***

## STEP 2 continued

Yes No

- 18.? ? Did you have an interest in or a signature or other authority over a foreign financial account (including a trust).
- 19.? ? During 2007, were there any changes to federal or state returns filed in prior years? If yes, provide copies of the changes or correspondence received by either of these authorities.
- 20.? ? Was any debt on your principal residence reduced or forgiven in 2007? If yes, provide details.
- 21.? ? Do you and/or your spouse want to designate \$3 to the Presidential Election Campaign Fund? (Does not change amount due or refund)
- 22.? ? Do you expect a substantial change in income or deductions next year? Describe \_\_\_\_\_
- 23.? ? Did you (or your spouse) make gifts totalling more than \$12,000 to any individual during the year? If so, provide details (gift, recipient's name, address and relationship to you).

## STEP 3 Income (Round all figures to nearest dollar)

WAGES: Number of Forms W-2 for: Self \_\_\_\_\_ Spouse \_\_\_\_\_  
**NOTE:** Number of forms only. Do not enter amounts.

### Other Income— Provide all Forms 1099, etc.

#### Dividend and Interest Income

Provide all Forms 1099 that include interest and/or dividend income. You may provide a listing of your interest and dividends on a separate sheet, but make sure everything matches what's reported on the actual Forms 1099-INT and 1099-DIV.  
 Number of 1099-INTs \_\_\_\_\_ Number of 1099-DIVs \_\_\_\_\_

#### Tax-Exempt (Municipal Bond) Interest

Tax-exempt interest received in 2007 from private activity bonds = \$ \_\_\_\_\_  
 Total tax-exempt interest received in 2007 = \$ \_\_\_\_\_

Provide statements and 1099s from all payers. Tax-exempt interest must be reported on your federal return.

#### Installment Sale Payments Received

Interest Portion = \$ \_\_\_\_\_ Principal Portion = \$ \_\_\_\_\_  
 Is payer a relative or related party? ? yes ? no  
 If payer uses property as a principal residence, provide payer's:  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 Social Security Number \_\_\_\_\_

#### Retirement Plan Distributions—

Pensions, Annuities, Rollovers, IRA, SEP, Keoghs, Lump-Sum Distributions or Other Retirement Plan Withdrawals

Provide copies of all Forms 1099-R received for retirement plan distributions.  
 Number of 1099-Rs \_\_\_\_\_

#### Partnerships, Estates, Trusts and S Corporations

Provide all Schedules K-1 received for the tax year.  
 Number of K-1s \_\_\_\_\_

#### Social Security or Railroad Retirement Benefits

Provide Forms SSA-1099 or RRB-1099  
 Number of SSA-1099s \_\_\_\_\_ Number of RRB-1099s \_\_\_\_\_

Bartering Income

\$

Bonuses and Prizes not reported on Form W-2

Cancellation of Debt (Form 1099-A or 1099-C)

Commissions and Fees (Not reported in STEP 5)

Disability Income not included in Form W-2 (taxable)

Education Savings Account or 529 Plan

Withdrawals (Form 1099-Q)

Farm Income  
 (\*list income and expenses on separate sheet)

Federal Income Tax Refund  
 (for state tax purposes)

Gambling/Lottery Winnings Jury Duty—  
 Election Board Fees

Health or Medical Savings Account Withdrawals  
 (Form 1099-SA)

Jury Duty—Election Board Fees

State Income Tax Refund (Form 1099-G)

Tips and Gratuities not reported on Form W-2  
 (Tax Tip 11)

Unemployment Compensation (Form 1099-G)

Veterans' Pension and Disability

Workers' Compensation or SDI

Other (Attach separate sheets if necessary)

STEP 4 Asset Sales and Exchanges			STEP 6 continued			
Provide the following information about sales of stock, mutual funds, real estate (including personal residence) or other property along with Forms 1099-B, 10-99S, closing statement or other supporting information. Attach separate sheet if necessary.			Use Correct Column	Self-employed Tax Payer	Business Use of Home (100%)	Self-employed Spouse
	Asset #1	Asset #2	Advertising	\$		\$
Description of Property			Association Dues			
Date Acquired			Auto, Travel, Meals, and Entertainment	-----See STEP 8-----		
Date Sold			Bank Charges			
Sales Price	\$	\$	Business Phone/Long Distance Calls			
Cost Basis			Commissions and Fees Paid			
Improvements			Contract Labor			
Expenses of Sale			Employee Benefit Programs			
STEP 5 Self-Employed Income (See STEPS 7-8)			General Office Supplies and Expenses			
Business Activity/Product			Insurance (not including health)			
Business Name			Interest:   · Mortgage (Form 1098)			
Gross Receipts (Provide all Forms 1099)			· Other Interest			
Inventory— Beginning of Year			Legal and Other Professional Fees			
Merchandise Purchases (less Product for Personal Use)			Management Fees/ Caretaker			
Labor, Materials, and Other Costs of Inventory			Pension/Profit-Sharing Plan Contributions Made for Employees			
Inventory— End of Year			Postage and Freight			
Self-Employed Spouse Income			Professional Dues and Publications			
Business Activity/Product			Rent Paid: · Vehicles, Machinery, Equipment			
Business Name			· Other Business Property			
Gross Receipts (Provide all Forms 1099)			Repairs and Maintenance			
Inventory— Beginning of Year			Supplies (including small hand tools)			
Merchandise Purchases (less Product for Personal Use)			Taxes:   · Real Estate			
Labor, Materials, and Other Costs of Inventory			· Other			
Inventory— End of Year			Utilities: Electric_____Heat_____ Water, Sewer, Trash_____ Other_____Total:_____			
STEP 6 Self-Employed and Business Use of Home Expenses			Wages Paid			
For business asset purchases or sales, provide a separate schedule listing dates (of purchase or sale), purchase/sales price and description of property. Include copies of sales receipts or contracts if available. Do not duplicate in expenses below.			Other Expenses (provide list)			
Do you qualify for business use of home? ? yes   ? no (see Employee/Self-Employed Tax Tip B) If yes, business use area (sq. ft.) _____ Total area of home (sq. ft.) _____						

STEP 7 Asset Sales and Exchanges				Vehicle Expense Chart		
<b>Travel and Entertainment Expenses</b>				<b>Note:</b> For each vehicle used for business, complete lines 1-6. If you use standard mileage allowance, ignore lines 8-14. If you purchased a vehicle this year and do not use standard mileage allowance, provide a copy of the sales invoice.		
Travel expenses are deductible if you traveled away from home overnight on business. Identify on a separate sheet business entertainment expenses including meals you paid for when not traveling. List date, persons present and business purpose for each expense. <b>See Page 9 For Employee/Self-Employed Tax Tips</b>						
<i>Use Correct Column</i>	Employee	Self-Employed	Rental Activity	Vehicle	#1	#2
<b>Travel:</b>				1. Total miles driven this year		
Airplane, Train, Taxi, Auto Rentals, Tips				2. Mileage breakdown of (1) above		
Lodging				Business		
Telephone				Commuting		
Cleaning and Laundry				Personal		
Baggage and Shipping				3. Vehicle Description		
Other:				4. Date Vehicle was First Used for Business		
Other:				5. Cost Basis =	\$	\$
Total Travel:				Less Trade-In=		
Meals & Entertainment				Net Price=		
				Plus Sales Tax=		
<b>Reimbursements</b>				Total Cost=		
1. Were you reimbursed for any of the above expenses? ? yes ? no				or Lease Payments=		
2. If yes, is the reimbursement included in your Form W-2? ? yes ? no AMOUNT \$ _____				6. Interest Paid on Vehicle		
<b>Adjustments for the Self-Employed</b>				7. Parking and Tolls		
Health insurance premiums paid \$ _____ <i>Do not include if self-employed person or spouse is eligible to participate under an employer's plan. Report in Step 13 instead.</i>				8. Gasoline, Oil, Lubrication		
Contributions made to a Health Savings Account \$ _____ <i>Do not include transfers to the HSA from a flexible spending account or IRA</i>				9. Repairs, Maintenance, Car Washes		
Contributions made to SEP, SIMPLE or qualified retirement plan \$ _____				10. Tires and Supplies		
<b>Vehicle Expense</b>				11. Insurance		
· Travel expenses between home and a temporary work location within your metropolitan area are not deductible unless one of two tests are met: (1) you have one or more regular work locations away from your home or (2) you qualify for a business use of home deduction				12. Tags and Licenses		
· A work location is considered temporary if employment is expected to last and actually does last for one year or less. Commuting expenses for going between the taxpayer's home and a temporary work location outside the metropolitan area where the taxpayer lives and normally works are deductible.				13. Garage Rent		
· There are two methods to determine the deduction for automobiles and trucks used for business: (1) actual expenses, or (2) standard mileage rate of 48.5¢ per mile. You may claim the standard mileage method whether you own or lease your vehicle.				14. Other		
				<b>Questions for All Taxpayers Claiming Vehicle Expenses:</b>		
				1. Do you have evidence to support your deduction? ? yes ? no		
				2. If yes, is the evidence written? ? yes ? no		
				3. Do you (or your spouse) have another vehicle available for personal use? ? yes ? no		
				4. Do you have an employer-provided vehicle that is available for personal use? ? yes ? no		
				5. Were you reimbursed for any of the above auto expenses? ? yes ? no		
				6. If yes, is the reimbursement included in your Form W-2? AMOUNT \$ _____ ? yes ? no		
				<b>Recordkeeping:</b> Your vehicle expenses will not be allowed by the IRS without adequate records or sufficient evidence verifying business use. Daily records provide the best protection in case of an audit.		

<b>STEP 8 Rental Income</b> (Tax Tip 15)		<b>Rental Expenses</b>	Rental #1	Rental #2	Rental #3	Rental #4
<b>RENTAL #1</b>						
Property Address:		Advertising	\$	\$	\$	\$
		Association Dues				
Rents Received \$		Auto				
(List Security deposits separately) \$		Travel				
Did you use the property for personal purposes for more than 14 days during the year? ? yes ? no		Meals and Entertainment				
		Bank Charges				
		Business Phone/LD Calls				
Number of days rented:		Commissions and Fees				
<b>RENTAL #2</b>		Contract Labor				
Property Address:		Employee Benefit Programs				
		General Office Supplies and Expenses				
Rents Received \$		Insurance (not including health)				
(List Security deposits separately) \$		Interest: · Mortgage (Form 1098)				
Did you use the property for personal purposes for more than 14 days during the year? ? yes ? no		· Other Interest				
Number of days rented:		Legal and Other Professional Fees				
<b>RENTAL #3</b>		Management Fees				
Property Address:		Postage and Freight				
		Professional Dues and Publications				
Rents Received \$		Rent Paid: · Vehicles, Machinery, Equipment				
(List Security deposits separately) \$		· Other Business Property				
Did you use the property for personal purposes for more than 14 days during the year? ? yes ? no		Repairs and Maintenance				
		Supplies (including small hand tools)				
Number of days rented:		Taxes: · Real Estate				
<b>RENTAL #4</b>		· Other				
Property Address:		Utilities: Electric _____ Heat _____				
		Water, Sewer, Trash _____				
Rents Received \$		Other _____ Total: _____				
(List Security deposits separately) \$		Wages Paid				
Did you use the property for personal purposes for more than 14 days during the year? ? yes ? no		Other Expenses (provide list)				
Number of days rented:						

**STEP 9 Education Expenses**

Include information about education expenses incurred for you, your spouse or your dependents.

Student's Name	Education Purpose (degree-seeking, job related)	Name of Institution	Type of Expense (tuition, books, fees, student loan interest)	Amount Paid	Paid by Whom?	First two years of college? Yes or No

**STEP 10 Personal Residence Energy Efficiency Expenditures**

Did you make any improvements to your principal residence during the year to increase energy efficiency such as solar energy systems, fuel cells, insulation, exterior windows, including skylights, exterior doors, metal roof coated with heat-reduction pigments, qualified electric heat pump, electric heat pump water heater, geothermal heat pump, central air conditioning or natural gas, propane or oil water heaters? To qualify for the energy tax credit, the manufacturer must certify that the property meets the IRS requirements to claim the credit (ENERGY STAR label, IECC, etc.).

Description of Improvement/Expenditure	Date Placed in Service	Amount

**STEP 11 2007 Estimated Tax Payments**

Note: Do not include withholding from Forms W-2 or 1099 in estimated payments shown here.

Do not include balance due from prior year in the First Quarter reporting.

	Federal	Date Paid	State	Date Paid
Amount Applied from 2006 overpayment, if any	\$		\$	
First Quarter				
Second Quarter				
Third Quarter				
Fourth Quarter				

**STEP 12 Tax Refund—Direct Deposit Information**

If you are expecting a 2007 federal tax refund, the refund can be routed to up to three of your checking or savings accounts. If you prefer a direct deposit, please complete the following information. Otherwise a refund check will be mailed to you at the address on your tax return. (Tax refunds may also be directly deposited to your IRA, Health Savings Account, Archer MSA or Education Savings Account.)

Type of Account (Checking, Savings or IRA)	Routing Number (Nine Digits)	Account Number Note: Do not include check #	Percent of Refund

**STEP 13****Itemized Deductions** (Round all figures to the nearest dollar, and do not add any columns)

**NOTE:** Only complete STEP 13 if you think your total itemized deductions might exceed the IRS standard deduction for your

Filing Status	Standard Deduction		Add for Blind and/or Over 65
Married Filing Jointly or Widow(er)	\$10,700	+	\$1,050
Single	5,350		1,300
Head of Household	7,850		1,300
Married Filing Separately	5,350		1,050

**Medical Expenses**

Deductible only if net cost exceeds 7.5% of Adjusted Gross Income

**Note: Do not include amounts paid for or reimbursed by insurance or health insurance premiums paid with pre-tax income.**

Did you pay medical expenses for a person you cannot claim as a dependent? ? Yes ? No (If yes, ask your tax preparer)

Hospitalization and Health Insurance Premiums Include after-tax amounts paid or withheld at work (Tax Tip 17)	\$
Medicare Insurance Premiums Paid (Form SSA-1099)	
Long-Term Care Insurance Premiums (Tax Tip 18)	
Vision Insurance	
Dental Insurance	
Prescribed Drugs and Insulin	
Doctors and Clinics	
Dentists and Orthodontists	
Glasses, Contact Lenses, Eye Exams, Laser Eye Surgery	
Hospitals, Nurses, Ambulance	
Nursing or Long-Term Care Facility	
Medical Transportation (taxi, bus, ambulance, etc.)	
Other (please detail)	
Other (please detail)	
Other (please detail)	
Medical Miles incurred: Miles at 20¢ = _____ + parking _____	
Lodging While Obtaining Medical Treatment (Limited to \$50 per night, per person)	

**Casualty Loss**

Auto Accident, Fire, Theft, Storm, etc. Deductible only if your combined net loss after insurance claim exceeds 10% of Adjusted Gross Income. Provide details. (Tax Tip 24)

**Taxes**

State and Local Income Taxes: Withheld	\$
Paid in 2007 for 2007 Tax Year	
Paid in 2007 for Prior Tax Years	
State and Local Sales Tax Paid for Major Purchases	
Federal Income Taxes Paid in 2007 for Prior Tax Years (not an itemized deduction for federal but is for some states)	
Real Estate Taxes—Homestead (less special assessments)	
Other Real Estate Taxes (second home, cabin, etc.)	
Property Tax Refund	
Special Assessments—Interest Portion Only (Tax Tip 19)	
Personal Property Taxes (auto license tag, etc.)	

**Interest Paid**

Primary Residence

Second Home, Cabin<sup>1</sup>

First Mortgage Interest <b>*Provide Forms 1098</b>	\$	\$
Second Mortgage		
Home Equity/Home Improvement Loan		
Loan Points (Tax Tip 29)		
Points Amortization		
Mortgage Insurance Premiums Paid on Policies Issued After 2006		
Seller-Financed Mortgage List name/address/SSN		
Name:	SSN	
Address:		
Investment Interest Paid (Tax Tip 29)		

<sup>1</sup>Interest on a boat or recreation vehicle that has basic living accommodations may be deductible as home mortgage interest.

**Continue with STEP 13 on following page**



## STEP 13 continued

Donations		Miscellaneous	
Monetary donations must be substantiated by a bank record (such as a cancelled check) or a written receipt from the organization receiving the donation. The written receipt must include the organization's name and the date and amount of the donation. Use separate sheet if necessary (Tax Tip 21)		Do Not Duplicate STEP 7	
Cash: <i>Include payroll deductions</i>		Deductible only if total exceeds 2% of Adjusted Gross Income	
Churches or Synagogues		Unreimbursed employee business expenses (e.g., union dues, tools and supplies, special uniforms and safety equipment, professional dues and subscriptions, job-related education—see Tax Tips 1, 2 and 25). List items on separate sheet. See STEP 7 for automobile expenses and travel and entertainment.	\$
United Way		Job-Seeking Expenses in Same Field (Tax Tip 26)	
Other:		Travel/Air Fare/Lodging.....\$	
Other:		Meals.....\$	
Other:		Employment Agency Fees.....\$	
Out-of-Pocket Expenses for Charitable Work		Resume \$ Other \$ Total =	
Noncash:		Tax Prep, Financial Planning/Consultation Fees (Tax Tip 27)	
*Fair Market Value of Items Given to Charities If over \$500, provide documentation (Tax Tips 22 and 23)		Investment Expenses (Tax Tip 28)	
If a vehicle, boat or airplane donation over \$500, provide Form 1098-C		Phone/Postage/Supplies for Investments.....\$	
Charitable Miles _____ at 14¢ =		Safe Deposit Box.....\$	
Other		Investment Publications and Journals.....\$	
		IRA and Keogh Fees You Paid Directly.....\$	
		Other \$ Total =	
		Gambling Losses <i>Limited to Total Gambling Winnings</i>	
		Other	
		Other	

## TAX TIPS

### Employee/Self-Employed Tax Tips

- Equipment Expensing Election:** Up to \$125,000 of qualifying business equipment purchased in 2007 may be expensed currently in lieu of depreciation. (Separate limits apply to business autos and SUVs.)
- Business Use of Home Deduction:** If an area of the home is used regularly and exclusively for business, a deduction for a portion of mortgage interest, taxes, insurance, other operating costs and depreciation may be allowed. Special rules apply for inventory storage and daycare.
- Per Diem Meal Rates:** In lieu of using actual expenses incurred for meals and incidental expenses, self-employed individuals and employees may deduct per diem amounts equal to or less than IRS-approved rates. The rate for meals and incidental expenses (M&IE) depend on location. Provide detailed list of dates and locations of business travel.
- Auto Loan Interest:** Self-employed taxpayers are allowed a deduction for the business portion of auto loan interest. **Note:** Business portion of auto loan interest for an employee is nondeductible personal interest.
- Self-Employed Health Insurance Deduction:** The deduction is not allowed for any month that the self-employed individual or his or her spouse is eligible to participate in a subsidized health plan maintained by an employer.
- Health Savings Accounts (HSAs):** Self-employed individuals and employees covered by a high deductible health plan (deductible between \$1,100 and \$5,500 for individual coverage and between \$2,200 and \$11,000 for family coverage) can make deductible contributions to HSAs. For self-only coverage, contributions are limited to \$2,850 (\$3,650 if age 55+). For family coverage, contributions are limited to \$5,650 (\$6,450 if age 55+). HSA distributions are tax and penalty free if used for qualified medical expenses.
- Self-Employed Retirement Plans:** A variety of retirement plans are available to self-employed business owners. In addition to saving for retirement, contributing to these plans can reduce taxable income. The deadlines for establishing a retirement plan vary depending on the plan selected. Contributions to an established plan usually can be made up to the due date of your tax return, including extensions. If you have employees, matching contributions may be required.

## Tax Tips for All Taxpayers

1. A nonrefundable Hope Scholarship tax credit (\$1,650 maximum) available on a per-student, per-year basis for each of the first two years of qualified post-secondary tuition and fees (but not books or room and board). Subject to a phase-out based on adjusted gross income (AGI). Lifetime learning credit (maximum nonrefundable \$2,000 tax credit) is available for post-secondary educational expenses. Generally the lifetime learning credit is subject to the same limitations as the Hope scholarship credit with the following exceptions: (1) the credit is per taxpayer per year (does not vary with the number of students in a taxpayer's household); (2) the credit is available for an unlimited number of years; and (3) the credit is available for undergraduate, graduate, professional degree and other students acquiring or improving job skills enrolled in one or more courses.
2. You can deduct up to \$2,500 of interest on qualified education loans for college or vocational school expenses, even if you do not itemize deductions. Deduction is phased out on AGI.
3. Nondeductible contributions up to \$4,000 (\$5,000 if age 50+) can be made to a Roth IRA. Distributions, including earnings, are tax free when certain requirements are met. The contribution limit is subject to an AGI-based phase-out.
4. An IRA deduction up to \$4,000 (\$5,000 if age 50+) is available to all taxpayers who are not covered by an employer-sponsored retirement plan. Taxpayers covered by an employer plan may be eligible for a full or partial deduction, depending on their AGI.
5. If only one spouse has compensation, a spousal IRA can be set up for the nonworking spouse. Each spouse (working and nonworking) may contribute up to \$4,000 (or \$5,000 if age 50+).
6. Exceptions apply to the 10% penalty for early withdrawals from an IRA if the funds are used for: (1) medical expenses in excess of 7.5% of AGI, (2) certain qualified educational expenses, (3) a first-time home purchase for distributions of up to \$10,000 or (4) medical insurance for those who are unemployed for at least 12 weeks.
7. A gain exclusion up to \$250,000 (\$500,000 if married and filing jointly) is available for sale of a principal residence if the taxpayer(s) owned and occupied the residence for two years of the five-year period ending on date of sale.
8. Interest on certain Series EE savings bonds issued after 1989 are tax exempt if proceeds are used for qualified educational expenses of a taxpayer, spouse, or dependent subject to phase-out.
9. Keep receipts supporting tax deductions at least four years.
10. Improvement costs may reduce taxable profit upon sale of property. Keep records of improvement costs made to all real estate property at least four years after the property is sold.
11. If "allocated tips" are listed on year-end Form W-2, the amount will be subject to both Social Security and income tax unless records (tip log) verify that a lesser amount was actually received.
12. If stock or mutual fund dividends are automatically reinvested instead of received cash, maintain good records of all reinvested dividends each year. These reinvestments will increase your cost basis, and reduce gain or increase loss upon sale.
13. Child care expense credit allows up to a 35% tax credit on up to \$3,000 of child care costs paid for one dependent or \$6,000 for two or more dependents.
14. Taxpayers who attained age 50 prior to January 1, 1986, (born before 1936) and received a lump-sum distribution from a pension plan or profit sharing plan may utilize a tax-saving method with 10-year averaging. Ask your tax advisor.
15. Taxpayers investing in certain types of passive activities (such as limited partnerships) are limited in the amount of loss they can claim to offset other types of income. However, a taxpayer who actively participates in a rental real estate activity can apply up to \$25,000 in rental losses against other sources of income—subject to phase-out rule.

## Tax Tips for Taxpayers Itemizing

16. Purchasers of hybrid (gas electric) and other alternative fueled vehicles are eligible for a tax credit of up to \$3,400.
17. Insurance policies that cover medical costs are deductible. Disability and loss of income insurance are not deductible.
18. Qualified long-term care insurance premiums are deductible subject to age and dollar limits: Age 40 or less, \$290; age 41 to 50, \$550; ages 51 to 60, \$1,110; ages 61 to 70, \$2,950; ages 71+, \$3,680.
19. Special assessments paid on your property normally not allowed as a current deduction in addition to the real estate tax deduction. But, the interest portion of the special assessments can be deducted as a tax.
20. Loan origination fees, commonly called points, are deductible as interest by a buyer of a new principal residence. Homebuyers are also allowed to deduct seller-paid points. Points paid on refinancing an existing residence must be deducted over the life of the mortgage.
21. Charitable contributions of \$250 or more in any one day to any one organization must have written substantiation from the organization. A bank record, such as a cancelled check is not sufficient to support the deduction.
22. When making contributions of used furniture, appliances and clothing to nonprofit organizations, request a receipt from the organization. Attach a record of the items donated to the receipt for proof of this deductible contribution. Contributions must be in good or better condition to be deductible.
23. Taxpayers who own appreciated stocks or bonds can take advantage of certain tax saving methods by donating the securities to churches or other nonprofit organizations.
24. If you experienced a casualty loss (flood, fire, theft, etc.) which exceeds 10% of AGI, your tax preparer will explain what information is required to determine your deductible loss, if any.
25. Expenses incurred for education for improving your skills for your present job or maintaining your job may be deducted. Seminars, tuition, books and some travel expenses can be deducted. Travel as a "form of education" is not deductible. (See Tax Tip 1 for educational costs that are deductible even when not job related).
26. Job-seeking costs in the same field of employment are deductible. Successful job placement is not necessary.
27. Part of a legal fee incurred in a divorce or an estate plan may be deductible if it is for advice on the tax consequences. Have your attorney clearly indicate how much of the fee is for tax advice.
28. Expenses incurred for attending conventions, seminars or other meetings which give investment advice to tax payers are not deductible.
29. Investment interest (land, margin account, etc.) is deductible only to the extent of net investment income for the year. Net investment income includes dividends, interest, royalties and short-term capital gains.