

## Deductions Worksheet

Please use this worksheet to give us moving expenses, medical expenses, state and local taxes, mortgage interest and charity information for preparation of your tax returns. We also need HSA contributions.

Please download, open in Adobe, complete and securely upload the PDF to your client portal. Please do not email this worksheet since it contains sensitive information. You can access your client portal here-

[www.watsoncpagroup.com/portal](http://www.watsoncpagroup.com/portal)

**Caution:** many browsers will give you the warm fuzzy that your information is being saved however when we receive it, the PDF is blank. As such, please download first and then open with Adobe, rather than using your browser.

### Worksheets Available

Here is a list of our worksheets. As mentioned before, you do not have to replicate data that is available elsewhere. For example, mortgage interest and real estate taxes reported on Form 1098 do not need to be entered again with our worksheets. Let's keep life simple and easy for you; that's why you hired us.

Contact Info	Used for basic contact information	<a href="http://www.wcgurl.com/60">www.wcgurl.com/60</a>
Dependents	Used for dependents and dependent care	<a href="http://www.wcgurl.com/61">www.wcgurl.com/61</a>
Education	Used for education expenses, student loans, 529	<a href="http://www.wcgurl.com/62">www.wcgurl.com/62</a>
Deductions (this one)	Used for moving, medical, local taxes, home, charity, IRA	<a href="http://www.wcgurl.com/63">www.wcgurl.com/63</a>
Small Business	Used for LLCs and S Corps to report income and expenses	<a href="http://www.wcgurl.com/64">www.wcgurl.com/64</a>
Rental Property	Used for rental property income and expenses	<a href="http://www.wcgurl.com/65">www.wcgurl.com/65</a>
Auto Expenses	Used for actual expenses and mileage information	<a href="http://www.wcgurl.com/66">www.wcgurl.com/66</a>
Home Office	Used for home office deductions	<a href="http://www.wcgurl.com/67">www.wcgurl.com/67</a>
Property Sale	Used for reporting real estate sales, home and rental	<a href="http://www.wcgurl.com/68">www.wcgurl.com/68</a>
Expat	Used for expatriates to report foreign income, dates	<a href="http://www.wcgurl.com/69">www.wcgurl.com/69</a>
Annual Questionnaire*	Used for tax questions including retirement contributions	<a href="http://www.wcgurl.com/70">www.wcgurl.com/70</a>

\* Everyone is strongly encouraged to review the annual questionnaire. As tax laws change from year to year, we need to ask questions to ensure you are getting the most out of your tax returns.

## Person Submitting form

Your Name \_\_\_\_\_ Cell Phone \_\_\_\_\_

Primary Email \_\_\_\_\_

Tax Year \_\_\_\_\_ Date Worksheet Completed \_\_\_\_\_

Is this an update to a previously submitted worksheet?      Yes      No

**Caution:** This worksheet is massive. Huge. Ridiculously huge. 9 pages of pure pleasure. At the same time it is important. Please freshen up your coffee or crack open a new beer as you muscle through this.

The length also warrants a table of contents (sorry!)-

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## Moving Expenses

The Tax Cuts and Jobs Act of 2017 has removed the traditional moving expense deduction with the only exception being for active-duty members of the U.S. Armed Forces whose moves are military-ordered. Also, if you were reimbursed in 2018 for moving expenses incurred in 2017, the IRS under **Notice 2018-75** states that this reimbursement will not be considered taxable income. Contact us if you have more questions or concerns.

### Medical Expenses

To deduct medical expenses they must exceed 7.5% of your adjusted gross income (was 10% until the Tax Cuts and Jobs Act of 2017), and only the portion that exceeds 7.5% is deductible. For example, if you earn \$50,000 as adjusted gross income only the medical expenses that exceed \$3,750 are deductible. In IRS Publication 502, it reads in part “Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body.”

Please summarize your medical expenses and describe them below.

Prescriptions \_\_\_\_\_ Out of Pocket \_\_\_\_\_

Doctor Co-Pays \_\_\_\_\_ Long-Term Care \_\_\_\_\_

How many miles did you drive to and from medical care? \_\_\_\_\_

Did your business reimburse you through a Health Reimbursement Arrangement (HRA)? If so, please explain-

Did you have any other travel expenses? Travel expenses are only deductible for the person receiving medical treatment, and in some cases a caretaker. If this applies to you, please explain below-

### Health Insurance Premiums

Typically health insurance premiums paid in conjunction with payroll are already tax-advantaged since they are deducted pre-tax. However, if you have to pay health insurance premiums including dental and vision out of pocket with after-tax dollars, such as the marketplace premiums, then those are deductible as a medical expense subject to the limitations above. This also includes Medicare Part B and Part D premiums.

Self-employed health insurance premiums should be reported on our Small Business Worksheet-

[www.wcgurl.com/64](http://www.wcgurl.com/64)

What amount was paid for health insurance premiums in 2018? \_\_\_\_\_

### Premium Tax Credit

According to IRS Publication 974, “the premium tax credit – also known as PTC – is a refundable credit that helps eligible individuals and families cover the premiums for their health insurance purchased through the Health Insurance Marketplace. To get this credit, you must meet certain requirements and file a tax return.”

Form 8962 is used to compute and reconcile premium tax credits. If you received premium tax credits in the past please submit the Form 1095-A that you should have received, and provide additional details below-

### Qualified Medical Expenses for Others

You are able to deduct medical expenses for others even if they do not qualify as a dependent but you must have provided over 50% of his or her support. For example, your mother earns over \$4,050 and therefore cannot be your dependent. But, you provide over 50% of her support. You can deduct the medical expenses that you paid. So, if this applies to you, please describe below-

A bit of caution however. It does not make sense to pay for medical expenses if you cannot deduct them. For example, your same mother above might be able to deduct medical expenses because she has a much lower income. If she can deduct the medical expenses and you cannot because of income thresholds, you should gift the money to your mother and have her pay the expenses directly. She gets the deduction that otherwise would have been lost. Talk to us if you need help.

### Health Savings Accounts (HSA)

HSAs are becoming more popular as employers move to high deductible health insurance plans. A Form 1099-SA is used to report distributions from your HSA, however they typically do not provide all the information necessary for the preparation of your tax return. If you received any 1099-SAs please provide a copy and complete the following. You can also jot this information down on the form as you send it in.

What is the plan coverage?	Self / Single	Family
Were the proceeds used for medical expenses?	Yes	No

If you listed medical expenses earlier, were those paid with HSA funds or with personal funds? Please explain-

A code W in Box 12 on your W-2 simply means that an HSA contribution was made by your employer and / or by you. You will only get a 1099-SA if you had withdrawals from your HSA.

### HSA Contributions

If you made contributions into an HSA outside of payroll (using after-tax dollars), please complete the following-

	<b>Taxpayer</b>		<b>Spouse</b>	
Plan Provider	_____		_____	
Provider EIN	_____		_____	
Amount Contributed	_____		_____	
Plan Type	Self / Single	Family	Self / Single	Family

If you received a 5498-SA, please send that forms to us. Self-employed HSA contributions should be reported on our Small Business Worksheet-

[www.wcgurl.com/64](http://www.wcgurl.com/64)

### State and Local Taxes (SALT)

You can either deduct your state income taxes paid or your sales tax. Even if you live in an income tax state such as Colorado, your sales tax might exceed your income tax (especially for retired taxpayers). We always compute a general sales tax deduction as determined using IRS calculations based on locality. However, if you believe your specific sales tax paid (such as large purchases) might exceed the general sales tax deduction, please provide those details-

### Personal Property Tax, Auto Regs

State and local personal property taxes you pay may be deducted if the taxes were based on value alone and were imposed on a yearly basis. We call this ad valorem tax. A great example of this is auto registration fees where part of the fee was based on the car's value and part was based on its weight. You can deduct only the part of the fee that was based on the car's value. Here are the states that charge an ad valorem tax on vehicle registrations (as of 2018)-

Alabama	Indiana	Michigan (limited)	Nevada
Arizona	Iowa	Minnesota	New Hampshire
California	Kentucky	Mississippi	Oklahoma
Colorado	Louisiana (limited)	Missouri (limited)	South Carolina (limited)
Connecticut	Maine	Montana	Washington
Georgia	Massachusetts	Nebraska	Wyoming

Please provide copies of your auto registrations showing this tax or detail the information below with year, make and model of the cars or other items where a value based tax was levied-

### New Home Purchase

If you are a new home owner, congratulations. Please send a copy of your HUD or closing statement for the purchase- there are three reasons.

1. determine real estate taxes paid by you thru closing,
2. determine if any points were paid with your loan, and
3. to help you determine basis information if you sell or convert to rental.

### Property Taxes

Property taxes paid are not always reported on a Form 1098- if this is true, please review your year-end statements. Remember that some states (such as Colorado) pay property taxes in arrears so a review of your HUD or closing statement is a must. If your property taxes are not reported on another tax document, then detail them below-

Primary Residence Address _____	Taxes Paid _____
Second Home Address _____	Taxes Paid _____
Timeshare Address _____	Taxes Paid _____
Trailer / RV _____	Taxes Paid _____

Landlords should use the Rental Property Worksheet for reporting property taxes on rentals-

[www.wcgurl.com/65](http://www.wcgurl.com/65)

Did you pay any property taxes in 2018 that would normally be due in 2019? If so, do you know if your state and county assess property taxes in arrears or in the current year? Please give us additional information if this situation applies to you (you might want to review **IRS Advisory IR-2017-210** which is relevant still for 2018)-

### Mortgage Interest

The IRS allows you to deduct the mortgage interest, private mortgage insurance and points paid for loan closings on your tax return. You can also deduct the mortgage interest on second homes and vacation homes including trailers and boats (must have sleeping, cooking and bathroom facilities).

Landlords should use the Rental Property Worksheet for reporting mortgage interest on rentals-

[www.wcgurl.com/65](http://www.wcgurl.com/65)

If you received a 1098 Mortgage Interest statement from a lender, IRS rules require the entire statement to be entered on your tax return. Please provide all pages of all Form 1098 mortgage statements that you receive. One more favor- if the property address is not the same as the mailing address, please scribble the property address on the form. This is critical for second homes and rentals.

The IRS allows the mortgage interest deduction for a loan that is not in your name as long as you have an interest in the property associated with the loan. For example, if your parents financed the house you live in, but you pay the mortgage and maintain the house, then you are allowed to deduct the mortgage interest.

### **Mortgage Interest Paid Not Reported on a Form 1098**

One taxpayer's deduction is another taxpayer's income. So, the IRS requires that we report the name, address and social security number of individual or company who provided financing and charged you interest if you intend to deduct it.

If you intend to deduct mortgage interest not reported on a Form 1098 Mortgage Interest, please complete the following-

Full Legal Name \_\_\_\_\_ SSN/EIN \_\_\_\_\_

Full Address \_\_\_\_\_

Amount of Interest Paid \_\_\_\_\_

### **Private Mortgage Insurance (PMI)**

The private mortgage insurance deduction is always on the Congress chopping block but has been extended again for 2018. The amount paid is rarely displayed on Form 1098 Mortgage Interest. Please review your year-end summary from your lender. Be aware that at \$100,000 in adjusted gross income the PMI deduction begins to phase out and is completely phased out at \$109,000.

PMI Paid Last Year \_\_\_\_\_ Year of Loan Closing \_\_\_\_\_

### **Points**

Points associated with purchases and refinancing may be deducted. If this pertains to you, please provide a copy of your HUD or closing statement so we can review it for deductions.

### **Energy Improvements**

You can apply this home energy tax credit towards 30% of the cost of alternative energy equipment installed on or in your home. Energy Star has a nice summary of the tax credits specific to each piece of equipment or improvement.

Did you make energy improvements to your home including appliances? Have you claimed energy credits in prior tax years. If so, please fully describe below and provide receipts-

**Charitable Donations**

Please detail your charitable donations below. If you made several similar donations, for example to Goodwill, you only need to submit one entry. If you have a spreadsheet or some other electronic version of your contributions, you can send that to us in lieu of using this form.

We typically do not need receipts, however there might be times where we need additional information. Please group your donations, assign a fair market value and detail below-

Goodwill Items \_\_\_\_\_ Donated Value \_\_\_\_\_

ARC Thrift Items \_\_\_\_\_ Donated Value \_\_\_\_\_

Food Bank Items \_\_\_\_\_ Donated Value \_\_\_\_\_

Other Organization \_\_\_\_\_

Full Address \_\_\_\_\_

Items Donated \_\_\_\_\_ Donated Value \_\_\_\_\_

**Cash Donations**

Please detail your charitable contributions below. If the organization such as your church or non-profit provided a statement to you showing the total donation, you do not need to complete this form– you can jot down your notes and send us the documentation directly.

**Myth Buster:** The days of saying you donate \$20 a week to church and deducting \$1,040 are long gone. Since 2007, you must have a receipt for every dollar you donate. We do not need a copy of your receipts unless you have significant cash contributions.

Organization	Amount Donated
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Some states, like Arizona, allow for credits when contributions are made to private and public schools, and other non-typical organizations. Please ask us if you are unsure about your donation or contribution.



# Disclosure

I(We) verify that the information provided in this **Deductions Worksheet** is accurate and complete. I(We) understand it is my(our) responsibility to include any and all information concerning income, deductions and other information necessary for the preparation of my (our) tax returns.

Taxpayer Signature \_\_\_\_\_ Date\_\_\_\_\_

Printed Name \_\_\_\_\_

Spouse Signature \_\_\_\_\_ Date\_\_\_\_\_

Printed Name \_\_\_\_\_

Please call or email us anytime with your questions and concerns. Seriously! You can call us and we can complete this for you over the phone, talk about the weather and share vacation ideas.

Thank you in advance, and we look forward to working with you!

The Watson CPA Group