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Gathering Your Tax Documents (Expats)

The quality of your tax return and the timeliness of its preparation depend strongly on obtaining all your tax documents and information. Therefore, we have created the following checklist for our worksheets as secure digital forms (also available as non-fillable PDFs) and tax related documents. As more companies move to electronic delivery of their tax documents and statements, this checklist will help ensure you are not missing important tax documentation.

Worksheets

- Contact Information
- Dependents, Child Care
- Education, Tuition, Student Loans, 529
- Deductions, Medical, Home, Charity
- Small Business
- Rental Property
- Auto Expenses
- Home Office
- Property Sale
- **Expat, Foreign Earned Income**
- 2022 Tax Questionnaire, Retirement

Income

- W-2s or income documentation from Employers
- K-1s from Partnerships, S Corps, Investments, Trusts, Estates
- 1099s from Banks, Investment Brokers, Government Agencies, Contract Employers, etc.
- Cost Basis, Purchase History for Stock Sales (if you received a 1099-B) and Cryptocurrency

Home Deductions

- 1098s from Mortgage Lenders (the form is now required, not just the figures)
- Home Purchase / Refinance Documents, Closing Disclosure / Settlement Statements
- Private Mortgage Insurance (PMI) Premiums, Year-End Loan Statements
- Property / Real Estate Taxes Paid

Small Businesses

- Small Business Worksheet Set Up **wcginc.com/620**
- Small Business Worksheet Operations **wcginc.com/621**
- Auto Expense Worksheet **wcginc.com/625**
- Home Office Worksheet **wcginc.com/623**
- List of equipment, service dates, values, if depreciated in earlier years

2393 Flying Horse Club Drive ▪ Colorado Springs, Colorado ▪ 80921
support@wcginc.com

Rental Properties

- ▲ Rental Property Worksheet **wcginc.com/630**
- ▲ Auto Expense Worksheet **wcginc.com/625**
- ▲ Closing Disclosure / Settlement Statements or HUDs for purchases, refinances and/or sales
- ▲ Prior year depreciation schedules showing cost basis and service dates
- ▲ List of improvements, completion dates, values, if depreciated in earlier years
- ▲ Form 8582 or similar detailing any disallowed passive losses from prior years on your rental properties

Tax Questionnaire, Miscellaneous Questionnaire

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.

wcginc.com/690

Additional Checklist for New Tax Clients

- ▲ Last Year's Federal **and** State Tax Returns

  At the very minimum we need your Form 1040 (pages 1 and 2) and all lettered schedules (A, B, C, D and E). Information such as last year's itemized deductions, carry-forward losses from investment sales, accumulated depreciation, disallowed passive losses, etc. Some of these things might not pertain to you, but providing this information is important.

  If you were subjected to AMT in the past, we will need the past four years (sorry).

  A soft copy such as a PDF of your entire tax return is helpful (and actually preferred).

- ▲ Dates of Birth and Social Security Numbers (you, spouse, children, etc.)
- ▲ Bank Routing and Account Numbers for Direct Deposit
- ▲ Current Address

You can provide this Contact Information to us using our secure digital form-

wcginc.com/610

Getting Started Web Page

You can quickly access all due dates, checklists, secure digital forms, questionnaires, Engagement Agreement, etc. with our concise Getting Started webpage-

wcginc.com/taxes

Timeline for Individuals

Here are some important dates and considerations for us to help manage expectations-

March 2023

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

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April 2023

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

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- **Monday, March 13 2023**

  All tax documentation must be received for us to guarantee an on-time filing (we routinely receive documentation well into April and still complete the tax returns on time- we just can't promise it).

- **Tuesday, April 11 2023**

  All eFile or Extension authorizations and fee payments must be received.

- **Tuesday, April 18 2023** (due to Emancipation Day)

  The filing deadline for all individual tax returns (except Expats). **Tax payments are also due** regardless of an extension (see below).

- Our turnaround times vary throughout the year. We will also update you with email and text alerts along the way. For real-time information on our turnaround times please visit this link-

  wcginc.com/sla

  But! Around March 1 or so, our attention is engulfed with business entity tax returns (S Corps and Partnerships) which are due March 15. The earlier you can track down W-2s, 1098s, 1099s and other tax documents, the better for everyone. We hope you understand as we attempt to balance firm resources with client needs and filing deadlines.

  Having said that, we have a small dedicated team who primarily prepares individual tax returns (Form 1040) to help offset this logjam.

- We have a soft-close at 4:05PM on Fridays to enjoy a beer, chips and salsa, and to unwind a bit. Apparently having fun before 4:00 is frowned upon in our establishment. Back at it on Saturday!

You might need a tax return "rushed" for various reasons. If we do not have substantially all the required information to prepare a tax return by our document cutoff date of **Monday, March 13**, the following minimum rush fees based on complexity may apply-

- After Monday, March 13, $250.
- After Monday, March 27, $500.
- After Monday, April 3, $750.
- After Monday, April 10, Not available.

These fees might be waived or increased depending on your situation. Please note- we are not saying you must pay this rush fee if you miss a cutoff; we only charge it if you want a guaranteed timely filing once we are past the **Monday, March 13 cutoff.** Having said all this, nothing good happens when people are rushed at the last minute. We will accept the rush arrangement on a case by case basis.

Expat Tax Preparation Considerations

Special Expat Timelines

For partial years, you must qualify as an expat taxpayer (foreign earned income exclusion) before we can file your tax returns. For example, you leave the United States on August 1, 2022. We must wait until the following July 31, 2023 before we can file your tax returns. **However, if you owe taxes, those payments are required by April 18 to avoid interest (penalties are delayed until June 15).** Therefore, it is ideal to prepare the tax returns, compute your tax liability, make a timely payment of taxes, and then file the tax returns when you qualify as an expat taxpayer.

FBAR FinCEN Report 114

We can complete the Report of Foreign Bank and Financial Accounts (FBAR) for foreign financial accounts if you like. This report is now required to be filed by April 18 and is commonly filed in conjunction with your individual tax returns. We do not automagically complete the FBAR nor is it included in your tax preparation fee. Our fee for the FBAR is $200 which includes up to 5 accounts.

This might seem steep and you are welcomed to do it yourself… the questionnaire is lengthy so we not only have to gather a bunch of stuff from you, we have to submit it as well. The FBAR is electronically submitted to the Financial Crimes Enforcement Network, a division of the U.S. Treasury Department (who also oversees the IRS).

IRS Form 8938

Similar to the FBAR, we do not automatically complete IRS Form 8938 nor is it included in your tax preparation fee. Our fee for IRS Form 8938 filing is $200 which includes up to 5 accounts. If you are unmarried (filing as a single) and you have foreign assets exceeding $200,000 on the last day of the year or $300,000 anytime throughout the year, or $400,000 and $600,000 respectively for married taxpayers, you are usually required to file Form 8938.

If you do not qualify as an expat, Form 8938 is still required for joint filers if you have foreign assets exceeding $100,000 on the last day of the year or $150,000 anytime throughout the year. The IRS has a nice Form 8938 table detailing the filing requirements for those living in the U.S. versus outside the U.S.

FBAR versus 8938

Some taxpayers might file on the FBAR. However, if a taxpayer has to file IRS Form 8938, it is a near certainty that he or she would also file the FBAR. Both forms are now typically filed with your individual tax return (Form 1040) and due April 18 (the FBAR does have an automatic 6-month extension built into it).

Extensions

If you want to extend your tax returns, a few things to keep in mind. First, we must get written approval from you to extend your tax returns. We cannot legally file an extension without permission. So, if we don't hear from you, an extension will not be filed. Failure to file is a huge penalty (5% per month based on tax due).

Second, an extension to file is NOT an extension to pay. Taxes are due **Tuesday, April 18, 2023** with the delayed penalty as described above. If you want to determine your general tax liability so you may send a payment with the extension, please use the link below for instructions. Failure to pay is a smaller penalty (0.5% per month based on tax due).

Here is the link to extend your tax returns-

wcginc.com/extend

A few more things… Failure to file and failure to pay penalties do not apply when you are receiving a tax refund. **We must receive your tax return extension authorization by Tuesday, April 11.** Also, please don't believe your produce clerk or the guy you met on the train; while they mean well, tax return extensions do not increase your audit rate risk. That is just gibberish.

Extended tax returns will be completed in August or September provided we have everything we need from you. If you need them prepared sooner, please contact us. May, June and July are reserved for 2023 tax planning.

Our turnaround time increases to **12-15 days** during the off-season to accommodate for mental breaks and vacations. Frankly, our motivation wanes slightly after April 15 but we bounce back fast.

If You Owe Taxes

If money is tight, our recommendation is to file your tax returns and then work out a payment plan with the IRS. For any amount under $50,000 the process is done via phone or online, and the terms are generally 6% for 60 months (might be less depending on the amount). There are other devils in the details such as set up fees, automatic ACH, accruing penalty and interest, etc. However, the installment agreement with the IRS does not show on your credit report and is a quick way to get out of a bad situation.

Under no circumstances should you not file your tax returns. File on time, and then figure out the money later. As mentioned before, the failure to file penalty is huge.

College Interns

WCG gives back to our accounting community by routinely hiring college students to provide seasonal tax support to our Tax Accountants and Tax Managers. We encourage them to communicate directly with you, the wonderful client, to gather necessary information and keep things moving along. Everyone was new at some point in their careers, so please try to extend extra grace and patience as our Tax Support Team interacts with you. If at any time communication is breaking down, please reach out to your Client Manager directly.

Client Engagement Agreement

The IRS, American Institute of Certified Public Accountants (AICPA), ethical guidelines and our professional liability insurance require client engagement agreements. They can be demanding that way. Please click on the link below to electronically review and sign this agreement.

wcginc.com/engagement

It is easy and painless, and needs to be submitted prior to the preparation of your tax returns. Yes, we need one for every year. Yes, we need one even if you are a Business Advisory Services client.

K-1s and States, Local or Other Taxing Jurisdictions

K-1s used to be only for the rich and shameless. However, with the rapid rise in various investments beyond mutual funds, ETFs, stocks and bonds, K-1s are becoming very common for the casual investor. typically allocate 30 minutes of "K-1 bucks" as part of your tax return preparation fee. Afterwards, our additional fee is based on an hourly rate of $250. This is the only additional fee that WCG adds based on time spent. We are not an hourly rate time billing sort of firm… our fees are based on value received or impact created. Over the years we've seen

K-1s and their complexity dramatically increase, but given the variable nature of each investment, a hybrid method of fee range + hourly rate is prudent.

Additional state, local or other taxing jurisdiction income tax returns might be required because of changing residency and / or various business activities including K-1s. It is common for an investment into an entity to create a state income tax return filing obligation for its owners (investors). We expect 1-2 state, local or other taxing jurisdiction tax returns as a normal course of tax return preparation. Should additional tax returns be required or if complex state income apportionment is required, additional tax return preparation fees will be necessary. Generally, this fee is $100 to $250 per state, local or other taxing jurisdiction income tax return.

Security and Privacy Procedures

Your security and privacy are very important to everyone at WCG. Please review the various policies and procedures which are implemented to protect your confidential information.

wcginc.com/safe

Update Your Contact Information

Even if you are a returning client, please confirm your phone numbers and email addresses. Also, most states are requiring that a **government issued drivers' license be electronically submitted** with your tax returns to curb identify theft. We cannot use passports, military IDs or library cards, sorry. Use the link below to securely provide this information to us. We cannot electronically file tax returns without it.

wcginc.com/610

Tax Organizer

If you are an existing client, your pre-filled tax organizer is available upon request and will be placed in your client portal- please let us know!

Worksheets Available

Here is a list of our online digital 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	**wcginc.com/610**
Dependents	Used for dependents and dependent care	**wcginc.com/612**
Deductions	Used for medical, local taxes, home, charity, IRA	**wcginc.com/615**
Education	Used for education expenses, student loans, 529	**wcginc.com/617**
Business Set Up	Used for all businesses to detail set up information	**wcginc.com/620**
Business Ops, Fin. Data	Used for all businesses to report income and expenses	**wcginc.com/621**
Home Office	Used for home office deductions	**wcginc.com/623**
Auto Expenses	Used for actual expenses and mileage information	**wcginc.com/625**
Accountable Plan	Used for business owners to reimburse for mixed use expenses	**wcginc.com/628**
Rental Property	Used for rental property income and expenses	**wcginc.com/630**
Property Sale	Used for reporting real estate sales, home and rental	**wcginc.com/637**
Expat	**Used for expatriates to report foreign income, dates**	**wcginc.com/640**
Annual Questionnaire	Used for tax questions including retirement contributions	**wcginc.com/690**

Please don't overlook the **2022 Tax Questionnaire-** this ensures we are preparing the best possible tax return for you.

You can also access all this stuff with our Getting Started webpage link-

wcginc.com/taxes

You will find our worksheets very short and concise, and in general they will help ensure that your tax returns are comprehensive. Our experience has shown that errors and misunderstandings come from scribbled notes and the like. While you are telling us about your favorite food, we hear green is your favorite color. So, everyone wins if we can efficiently and accurately process your tax information during the preparation of your tax returns.

Having said that, if you want us to tally or summarize notes and receipts into our forms, we must charge $150 per hour for this preparation (a little bit here and there is always expected- but the bag of receipts, not so much).

Sending Us Your Documents

We provide worldwide tax preparation service and your ability to communicate with us is critical to everyone's success. And your comfort level in sending sensitive and personal information is our top priority so we have implemented three ways to safely and securely send your tax documents to us:

Client Portal

Since 2007 we have used ShareFile to administer our Client Portal which provides secure, online document exchange. The Client Portal will allow you to securely upload your tax documents to our office. As more companies electronically provide year-end tax statements and forms, and as scanners become more user friendly, uploading these files will save you time and resources. In addition, the Client Portal can be used to retrieve and review your tax return prior to eFiling.

> **Note on Scanning:** Do what you can, but know that creating and submitting a PDF for each tax document is our selfish preference should you be wondering. We drag each tax document into various folders in your electronic tax binder.

Most operating systems have a PDF printer already installed- if not, please do an internet search for free PDF printers (we use Cute PDF ourselves). This is a very handy tool which installs a **PDF printer** allowing you to print anything to a PDF file. Screen shots, online activity, Excel spreadsheets; anything you normally print to paper can be saved as a PDF. This is especially useful for bank website or other dynamic websites where you cannot directly save the information.

We understand not everyone will be comfortable using the Client Portal and therefore we will accommodate all reasonable requests for alternative ways of sending your tax documents to us. Otherwise, you can access the Client Portal at-

wcginc.com/portal

Secure Fax

If you decide to fax your tax documents our toll-free fax number is 855-345-9700. We will email you and send a text message alerting you that your fax was received. We will also upload your faxed documents to your Client Portal should you need this information again in the future. Please provide a cover letter with all faxes. If you want to be a superstar and have our tax support team think you are the best client ever, you should initial and number each page. But that is not required.

Mail

If you do not have access to a fax machine or scanner, you may also mail your information to us. We encourage the use of FedEx or UPS. **Send us copies, please!** Our mailing address is:

WCG Inc.
2393 Flying Horse Club Drive
Colorado Springs, CO 80921

Road Trip

We have three and perhaps not so convenient office locations for your road trip-

- 2393 Flying Horse Club Drive, Colorado Springs, CO 80921
- 9200 East Mineral Avenue, Centennial, CO 80112
- 300 North Main Street, Mitchell, SD 57301

Our Englewood and Mitchell offices are open Tuesday-Thursday during tax season. If making a road trip to our office, tax preparation seems to improve dramatically with donuts. You can also hang out and have some coffee in our social lounge. Fun!

> **Note:** The ability to maintain our competitive fees relies on receiving soft copies (faxes, scans, emails) or hard copies of your originals. If you send us original documents and do not want them returned to you we will maintain them in our office for three years. If you want originals sent back to you, we must charge a $45 fee for the costs of copying and mailing. We do not have extra resources during tax season for this activity- **we can only return originals in May**.

All tax documents and work papers that you provide as hard copies will be scanned and uploaded to your Client Portal.

Let Us Know

Lastly, you can use any combination of these methods- if you want to upload some documents and fax others, we are flexible. However, **it is difficult to know when clients are done sending their tax documents**. So, please send an email to **support@wcginc.com** or give us a shout at 719-387-9800 to let us know you are done. We love phone calls from our clients- voices, stories, weather updates, the latest disaster your kid created, random tax questions- all good stuff!

Also, if you are waiting on one last tax document such as a rogue K-1 or 1099, please send what you have. We will prepare a preliminary tax return and simply drop in the late document at the last minute.

Appointment

Over 80% of our tax clients live outside of Colorado, therefore we are proficient in preparing your tax return without a face-to-face appointment. However, if Colorado Springs or Englewood is convenient for you or if you would like to videoconference, please call or email us to schedule. If an appointment is inconvenient, remember you can always mail, fax or scan your tax documents to us.

Growing Pains

We are a growing company and every year we retool our procedures in the name of improving the client experience. The unfortunate thing about our business is that we don't know our process is broken or needs improvement until about March 26, and the devil we created is the devil we live with until April 15. Each year we attempt to improve our process for you- the feedback you provide is tremendous, and we appreciate all the comments and suggestions.

Rest assured that anytime you feel your needs are not being met, please contact a Partner directly; Tina Watson, Jason Watson, Jason Schneider, Sally Rhoades and Michelle Day will stop, listen and work with you one on one to resolve. If we stink at something, we want to know. And you should know that we'll make it right, right away.

The Process

Here is a timeline of what to expect. Life is all about managing expectations and we attempt to do that here-

Assembly

- You send us your tax stuff and we alert you through an email and a text message that it is received.
- Client Support reviews it for obvious missing information or items, and contacts you if necessary.
- Your file is assigned to a two-person team based on legacy for returning clients, or type and complexity for new clients. We also alert you with an email and a text message.

Tax Preparation

- Your Tax Accountant alongside a Tax Manager or Partner prepare your tax returns. Fun!
- If there are questions or clarifications needed, your Tax Accountant contacts you via email or telephone call. You are also alerted with a text message. We try to only have one point of contact (or one throat to choke) so communications are efficient for you.

Tax Return Review and Filing

- If your tax returns are ready for review, we send a summary email highlighting concerns or questions, upload a PDF copy to your client portal and alert you with a text message. In the homestretch now!
- If you have questions or comments, you can reply to the tax return summary email or we can schedule an appointment. We always want you to understand your tax returns and feel comfortable about the information being filed. For a scheduled tax return review, we typically allocate about 15-20 minutes for individual tax returns (40 minutes if in-person versus telephone), and 30-40 minutes for partnership and corporate tax returns.

  Warning: We strongly encourage you to schedule your tax return review within 10 business days of receiving the draft copies. If you have had draft copies of your tax returns for more than 10 business days, we might not have availability to review your tax returns prior to the filing deadline. Also, we cannot review your individual tax return during April. Do not feel rushed! We can simply extend the filing of the tax returns until May or June, and schedule a review for that time.

  Please move 'review tax returns' ahead of 'call mom' just this one time. Pretty please.

- Once you review and approve your tax returns, you need to do two things-

  1. Give us permission to eFile your tax returns on your behalf, AND

  2. Pay your tax preparation fee. No tax returns are filed until payment is made. Do both here-

     wcginc.com/efile

- About 2-3 days after eFiling you will receive emails from our tax software (UltraTax) letting you know that your tax returns have been received. It is common for states to accept your tax returns before the IRS.

  We get the same notifications CCd to us and alert you with a text message. We monitor the acceptance of your tax returns, and follow up with the taxing agencies after 72 hours if an acceptance notification is not received.

- About 4-6 weeks after receiving acceptance notifications, refunds (if applicable) are directly deposited into your account. States are routinely flagging random tax returns for manual processing which adds about 8-12 weeks to the refund and at times they will also mail a paper refund check (to curb tax return fraud).

- Boom! That's it (at least until next year). Enjoy your spring and summer!

Tax Patrol

We also have Tax Patrol! This is a wonderful tax service for those who don't need all the business advisory bells and whistles above, but from time to time want some love from an experienced tax consultant and business advisor. Have a quick tax question? Need to know the depreciation rules as you buy that new car? Wondering what your April tax bill is going to be in August? Tax Patrol is like ski patrol... you might not use it, but you sleep better knowing you have it.

Typical Tax Patrol fee is $125 per month which includes tax preparation, estimated tax payment calculations, unlimited complimentary quick chats and a tax planning event. This monthly fee might increase depending on your unique situation especially with FBAR or Form 8938 filings.

In Closing

If you have any questions, please feel free to call us at 719-387-9800 or email at **support@wcginc.com**. Thanks again for your time- We look forward to working with you!!

Warm Regards,

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