the
WATSON CPA GROUP
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Gathering Your Tax Documents

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 fillable PDF worksheets 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.

Fillable PDF 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
- 2018 Tax Questionnaire, Retirement

Income

- W-2s from Employers
- K-1s from Partnerships, S Corps, 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)

Home Deductions

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

Small Businesses

- Small Business PDF Worksheet **(www.wcgurl.com/64)**
- Auto Expense PDF Worksheet **(www.wcgurl.com/66)**
- Home Office PDF Worksheet **(www.wcgurl.com/67)**
- List of equipment, service dates, values, if depreciated in earlier years

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support@watsoncpagroup.com

Rental Properties

- Rental Property PDF Worksheet **(www.wcgurl.com/65)**
- Auto Expense PDF Worksheet **(www.wcgurl.com/66)**
- HUDs or Closing Statements 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 8542 or similar detailing any disallowed passive losses 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.

www.wcgurl.com/70

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.)
- Routing and Account Numbers for Direct Deposit
- Current Address

You can provide this information to us using our fillable PDF worksheet-

www.wcgurl.com/60

Getting Started Web Page

You can quickly access all due dates, checklists, fillable PDF worksheets, questionnaires, Engagement Agreement, etc. with our concise Getting Started webpage-

www.watsoncpagroup.com/taxes

Tax Preparation Process (2018 Individual Tax Returns)

Timelines and Considerations

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

▲ **Monday, March 25 2019**

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).

▲ **Monday, April 8 2019**

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

April 2019

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, April 15 2019**

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

▲ Our normal turn-around **time after receiving everything we need** is 10-12 days. We will update you with email and text alerts along the way.

▲ We have a **soft-close at 3:01PM** on Fridays to enjoy a beer, chips and salsa, and to unwind a bit. Apparently having fun before 3:00 is frowned upon in our establishment. Back at it on Saturday!

If you miss our cutoff **(Monday, March 25)** and still want your tax returns filed on time, we might be able to but we cannot guarantee it. However, we are willing to stay late, order takeout and pay some over-time to get your tax returns pushed through. Our typical fee for this is $250, but 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 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.

Extensions

If you want to extend your tax returns, a few things to keep in mind. First, we must get explicit 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 April 15 **(red circle above)**. If you want us to help determine your general tax liability so you may send a payment with the extension, please let us know by the eFile Authorization deadline above. Failure to pay is a smaller penalty (0.5% per month based on tax due).

Here is the link to extend your tax returns-

www.watsoncpagroup.com/extend

Failure to file and failure to pay penalties do not apply when you are receiving a tax refund.

Extended tax returns will be completed in May or June provided we have everything we need from you. Our turnaround time increases to **12-15 days** during the off-season to accommodate for mental breaks and vacations. Frankly, our motivation wanes 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 and the terms are generally 6% for 60 months (might be less depending on the amount). There are other devils in the details such 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.

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.

www.watsoncpagroup.com/engagement

It is easy and painless, and needs to be submitted prior to the preparation of your tax returns.

Security and Privacy Procedures

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

www.watsoncpagroup.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.

www.wcgurl.com/60

Tax Organizer

If you are an existing client, your pre-filled tax organizer was emailed to you a while ago- please let us know if you need it resent via email, printed and mailed, or uploaded to the client portal.

Fillable PDF Worksheets

Here is a list of our fillable PDF 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	**www.wcgurl.com/60**
Dependents	Used for dependents and dependent care	**www.wcgurl.com/61**
Education	Used for education expenses, student loans, 529	**www.wcgurl.com/62**
Deductions	Used for moving, medical, local taxes, home, charity, IRA	**www.wcgurl.com/63**
Small Business	Used for LLCs and S Corps to report income and expenses	**www.wcgurl.com/64**
Rental Property	Used for rental property income and expenses	**www.wcgurl.com/65**
Auto Expenses	Used for actual expenses and mileage information	**www.wcgurl.com/66**
Home Office	Used for home office deductions	**www.wcgurl.com/67**
Property Sale	Used for reporting real estate sales, home and rental	**www.wcgurl.com/68**
Expat	Used for expatriates to report foreign income, dates	**www.wcgurl.com/69**
Annual Questionnaire	Used for tax questions including retirement contributions	**www.wcgurl.com/70**

Please don't overlook the **2018 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-

www.watsoncpagroup.com/taxes

You will find our forms very short and concise, and in general they will help ensure that your tax returns are comprehensive. Our past 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 $90 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:** Our preference is for you to create one ginormous PDF file of all your paper tax documents. We understand that some of your tax statements will be separate PDFs since you received them electronically. No worries- do what you can, but know that submitting one PDF is our selfish preference should you be wondering.

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 requests for alternative ways of sending your tax documents to us. Otherwise, you can access the Client Portal at-

www.watsoncpagroup.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.

> **Note:** Please provide a cover letter with all faxes. If you want to be a superstar and have our tax admins think you are the best client ever, you should **initial and number each page**. But that is not required.

Mail, Road Trip

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. Our address is:

Watson CPA Group
9475 Briar Village Point Suite 325
Colorado Springs CO 80920

If making a road trip to our office, tax preparation seems to improve dramatically with donuts.

> **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@watsoncpagroup.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.

Directions, 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 is convenient for you or if you would like to Skype, 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.

View directions at

www.watsoncpagroup.com/Directions.pdf

Contact Info

The tax team consists of four managers, including several seasoned tax professionals and admins. Here is the contact information for your Tax Pod-

Pod A

Tina Watson, CPA, CFP®, MBA
Senior Partner

719-428-3257 direct

Pod A distribution email is **poda@watsoncpagroup.com** and has Lana Rollins, Terry Bryan, CPA, Pat Herrera, EA, as Tax Seniors, and Emily Roberts and Taylor Pryor as Staff Accountants.

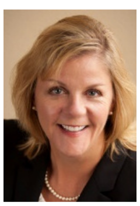
Pod B

Michelle Day, EA
Tax Manager

719-428-3248 direct

Pod B distribution email is **podb@watsoncpagroup.com** and has Brian Baum, CPA and Roberta Bertrand, EA as Tax Seniors, and Marchyll Jones and Jerrod Aud as Staff Accountants.

Pod C



Sally Rhoades, CPA, CFP®
Partner

719-428-3269 direct

Sarah Hintz, CPA
Tax Manager

719-387-9947 direct

Pod C distribution email is **podc@watsoncpagroup.com** and has Rachel Berry, Amber Sicola (who just passed the CPA exam), Lacee McCullough and Joseph Bassett as Staff Accountants.

This pod arrangement provides better ownership of each tax client's unique situation and allows us to learn as much as we can about you so that we can comprehensively prepare your tax returns. Want to see all our smiley faces?

www.watsoncpagroup.com/team

Where the heck is Jason Watson? The Watson CPA Group has grown to 31 tax and business consultation professionals. Jason's full-time job as Managing Partner is training new people, raising the bar for seasoned staff and overall quality control. You can always email him at **jason@watsoncpagroup.com** or call **719-428-3261** with your questions or concerns. Always.

Tax Admins

We have eight wonderful tax admins who support our pods. Collectively, they are the gatekeepers and ensure all the trains run on time throughout our office. Each Tax Manager and all our tax return preparers rely heavily on and sincerely appreciate our tax admins.

Growing Pains

We are a growing company and every year we retool our procedures. 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 Jason Watson or Tina Watson. 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-

- You send us your tax stuff and we alert you through an email and a text message that it is received.
- A tax admin reviews it for obvious missing information or items, and contacts you if necessary.
- Your file is assigned to a tax pod based on legacy for returning clients or type and complexity for new clients. We also alert you with an email and a text message.
- Your Staff Accountant and Tax Manager prepare your tax returns. Fun!
- If there are questions or clarifications needed, the Tax Manager contacts you via email or telephone call. You are also alerted with a text message.
- If your tax returns are ready for review, we send a secure and redacted PDF copy via email, upload the same to your client portal and alert you with a text message.
- If you have questions or comments, you can email those directly by replying to the email containing your tax return or contact your Tax Manager directly. 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, 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-

    www.watsoncpagroup.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!

August and November Financial Tune-Ups

For those clients who have a tax-only engagement with us, we offer a lot more than just a tax return. Tax returns are boring. Tax planning including projections and end of year tax moves is way more valuable to you than 100 pages of gobbly-goo in some dust-catching PDF aimed at IRS compliance. Wow, that is a long sentence… anyway, in August we offer a tax planning tune-up and later on in November we offer an end of year tax consultation. These are complimentary consultations. Sure, you're paying for it in some fashion with your tax preparation fees but then again, this is a valuable service that most tax professionals don't offer. Click the links below for more information. Riveting!

www.wcgurl.com/52 Tax Modeling / Planning Questionnaire

And…

www.wcgurl.com/eoy End of Year Thoughts and Tax Moves

In Closing

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

Warm Regards,

The Watson CPA Group
9475 Briar Village Point Suite 325
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719-387-9800 office
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