

# January - Time To Get Ready!

Preparing your tax information is quick and easy if you spend a few minutes weekly. Start collecting the records and keep them in a special place. Review them each week. Many tax records show up in your January mail. IRS gets a copy, too, so don't miss any of these!

**W-2s.** Read them carefully.

Contact employer if there is a problem, or if one is missing after January. If you can't find employer, you'll need to collect your pay stubs.

**1099s.**

You should get a 1099-INT or 1099-DIV for each account which pays interest or dividends. Even tax-exempt interest is reported.

**Other 1099s.** Real estate sales yield a 1099-S. Stock sales .1099 B. Pensions - 1099-R. Foreclosures & debt consolidation - look for 1099-A and for 1099-C. There are others. Look for "Important Tax Information Enclosed" on the envelope.

**Form 1098.** That's your mortgage interest if paid to a bank. With a private loan, you need the payment book or a statement from lender to verify the amount.

**Other Income.**

Look for other reports of income. You may see forms for state tax refunds, unemployment income, prizes, gambling wins, or rents you collect. Read each of these carefully.

**Your Records.**

Check your records carefully for income and deductions. Look back on the year. Calendars or check registers will help your memory. I'd prefer you have receipts for all expenses, but if you recall paying a deductible expense, claim it. Contributions are different - you *must* have receipts. Start compiling the information right away. Don't wait until the day before you give the information to me. Make careful lists of missing items. Write down any questions you might have for me.

Take a few minutes each week to review your information. Short reviews help you remember items you might miss. Your subconscious mind will dig up things you forgot. It's your money at stake here - it's up to you to protect it!

## ***Need To Send 1099s?***

You may need to send Form 1099 to someone else. There are two cases:

- 1) Business/Rental. You must report payments for services.
- 2) "Nominee" amounts. If you are named as receiving income, but part or all of the income really belongs to someone else, you are a nominee.

You must send Form 1099 to the other party by February 2. IRS wants their copy by March 2. You pay a penalty for not sending them!

Business Rental. If you paid \$600 or more to anyone during 2008 you may need to issue the form. Look at "business" expenses only. Expenses in your personal life are not reported. Nor are payments to a corporation.

Some bills show both labor and materials. If any part of the payment was for services, report the total amount on Form 1099. Paying for merchandise alone doesn't count. Rent you pay to an agent instead of a landlord is also excepted. Look for repairs, painters, consultants, builders and the like.

You need name, address, and Tax I.D. Number for these people. Call them or send Form W-9 to request the information. If someone uses their own name, they should give you their Social Security Number (like 555-55-5555). If they give a business name, you should see an Employer I.D. Number (like 55-5555555).

Nominees. If you get a payment in your name, then pay \$10 or more to another, you must file the form. You file the same 1099 as you received, but you file as a "middle man".

Getting the Forms. I can help, or you can get forms from the IRS. If you need my help, please call early! My tax season is hectic and the deadline comes quickly. You can get forms from IRS at 1-800-829-3676. Or you can download them at [www.irs.gov](http://www.irs.gov). You need Form 1099-MISC and Form 1096 as a cover sheet.