Tax Practice Control Checklist

Tax Season 2012 is on the horizon. While collecting new clients, updating tax software and brushing up on new tax law, it can be difficult making sure you have all of your bases covered. This Tax Practice Control Checklist will maintain a quality tax practice amid the waves of 1040s, 990s and W-2s so you can maintain and grow your clientele.

I. PREPARER

______ 1. Signed engagement/separate privilege tax advice engagement section
______ 2. Update taxpayer information, filing status and dependents
______ 3. Review prior year returns, work papers, correspondence, and audit results
______ 4. Review proforma or tax organizer for accuracy
______ 5. Complete State Individual Tax Return Checklist
______ 6. Check for carryovers and include effect of prior period tax audits
______ 7. Review accounting methods
______ 8. Properly report adjustments for accounting method changes
______ 9. Consider filing a power of attorney
______10. Consider if disaster relief provisions apply
______11. Determine if requirements for avoiding penalties for improper disclosure or use of taxpayer information by tax return preparers imposed under §§6713 and 7216 have been met

Consider the following

______ 1. Salaries and fringe benefits
______ 2. Taxability of dividends, interest and capital gain distributions
______ 3. Ordinary income on market discount bonds and deferral of related interest expense
______ 4. Annuities, retirement plans, IRAs, Roth conversions
______ 5. Limitations due at-risk and basis
______ 6. Passive loss limitations and election
______ 7. Alimony
______ 8. Rents
______ 9. Tax benefit rules
______10. Discharge of indebtedness
______11. Worthless stock/bad debt
______12. Punitive damages
______13. Exclusion of employer-provided educational assistance
______14. Unemployment Compensation

II. INCOME

For sales or other disposition of property consider

______ 1. Recapture
______ 2. Installment sales treatment
______ 3. Taxable/deferred/excluded gain on sale of residence or other property
______ 4. Holding period/basis
______ 5. Related party transactions
______ 6. Like-kind exchanges

______ 1. Home office Form 8829
______ 2. IRA, SEP, SIMPLE, Keogh, MSA, and HSA contribution
______ 3. Roth IRA and Education Savings Account
IV. DEPRECIATION/AMORTIZATION

1. § 179 deduction for new and used equipment up to $500,000
2. § 179D energy tax deduction election
3. Additional first-year depreciation up to $150,000
4. Methods and lives
5. Listed property
6. Capitalization of leased property
7. Qualified leasehold improvement property
8. Amortization of goodwill and other intangibles
9. Like-kind exchange and involuntary conversion property rules
10. Amend returns for tax years after 2002 to elect and/or revoke § 179 elections
11. Compute AMT depreciation
12. Compute state depreciation, if different

V. TAX COMPUTATION AND CREDITS

1. Regular and AMT tax
2. Self-employment tax and deduction
3. Credits, carryovers and recaptures
4. Tax on premature distributions
5. Claim credit for excess FICA, other withholding/payments

VI. E-FILE

1. Review software validation, create and print e-file return(s)
2. Provide taxpayer with complete Federal and state return(s) including Form 8879 and state consent form(s)

VII. OTHER CONSIDERATIONS

1. Risk of accuracy-related penalty. (§ 6662)
2. Taxable income and tax to projections.
3. Report tax shelters. Form 8886
4. Election to forgo NOL carryback.
5. Inclusion of child’s taxable income. (Kiddie Tax)
6. Evaluate estimated tax payment/withholding
7. Household employee requirements
8. Other returns like gift and qualified plans
9. Include/attach extensions
10. Note planning/additional service suggestions
11. Consider Circular 230 requirements
12. Consider third-party service provider notification limitations under Sec. 7216, Rev. Ruling 2010-4 revisions for 2010
13. Consider accuracy-related penalty regarding “substantial authority” language
14. Consider elections and required statements and attachments