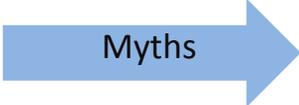


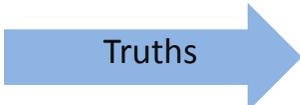
HOT TOPICS ARTICLE 2013-04: Guide to Submitting Tax Information to HW

This article is for clients who wish to help control the cost of CPA services. It starts with two myths.



Myths

1. CPA is like an IRS auditor and wants to inspect all documentation.
2. CPA is the record retention system for all tax documentation.



Truths

1. CPA is not a federal agent and does not wish to be one.
2. CPA is too expensive to be the file clerk.

A rule of thumb in record handling is that every side of every record handled, whether paper or electronic, costs money to be handled. A CPA has professional responsibility for every side of every record submitted, not just a clerical responsibility. We cannot risk overlooking something relevant. Only a CPA would know whether the information is relevant. Everything is “touched” at least twice, both clerically and professionally.

The Digital Age has resulted in convenience at the “Click & Send” side of a transmission. At the “Click & Receive” side it is a convenience to some extent, and a cost when converting the CPA into the file clerk for a high volume of data. **Therefore, trim the volume as much as possible before you send.** That does not mean shrink the font! We have to examine each side of submitted documents, even the Blanks and the ones saying “This page intentionally left blank”.

Example: 100 Extra Pages, 2 Sides, 2 “Handlings” = 400 Extra touches

CPA needs to see:

- IRS Forms W-2, 1099, 1098, Schedule K-1 and other “Important Tax Information” documents.
- Generally, provide your originals. If there are multiple copies, keep them.
- “Tax Organizer”, with the “Questions” section completed at a minimum.
- Only the “Final” Corrected version of your brokerage account tax report. None of the earlier versions.

CPA does not need to see:

- Backup documentation for entries in the Tax Organizer, such as medical expenses.
- “Tax guides” that often accompany brokerage account tax reports.
- Receipts, cancelled checks, etc.
- Duplications of any information, particularly conflicting duplications!