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CPA Magazine editor/publisher T. Steel Rose began his career with Price Waterhouse leading to the start of Rose & Cash, CPAs. He was a Vice President for Solomon Software before publishing CPA Software News from 1991-2001. Rose has authored several tax articles, tax and accounting software reviews, CPE courses and has been a speaker at several conferences.

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

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| <ul style="list-style-type: none"> _____ 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 | <ul style="list-style-type: none"> _____ 6. Like-kind exchanges <p><i>Consider the following</i></p> <ul style="list-style-type: none"> _____ 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 to 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 |
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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

III. DEDUCTIONS

- _____ 1. Home office Form 8829
- _____ 2. IRA, SEP, SIMPLE, Keogh, MSA, and HSA contribution
- _____ 3. Roth IRA and Education Savings Account

- _____ 4. Non-deductible contributions
- _____ 5. Moving expenses
- _____ 6. Casualty losses
- _____ 7. Allocation and limitation of interest
- _____ 8. Alimony
- _____ 9. Itemized deductions
- _____ 10. Contributions
- _____ 11. State and local sales tax
- _____ 12. Teachers' classroom expenses
- _____ 13. Qualified higher education tuition deduction
- _____ 14. Sales, use, or excise tax on qualified vehicles
- _____ 15. Consider property tax deduction for non-itemizers
- _____ 16. Limit on meals and entertainment and exceptions (Rev. Proc. 2007-63) (Rev. Rul. 2008-23)
- _____ 17. File Form 8283 for noncash donations
- _____ 18. Consider limitations on deductibility of dues and lobbying expenses

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