



Donahue Accounting Consultants, PLLC

5507 Ranch Drive, Ste 208

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PREPARATION OF 2010 INCOME TAX RETURNS

A) INDIVIDUAL INCOME TAX RETURNS:

HOW TO ORGANIZE YOUR TAX DATA: Please help minimize the cost of preparing your tax return by submitting your data in an organized format. The Individual Income Tax Organizer found on the "File Your Taxes" Tab of www.donahuecpa.net can be used to organize your data. Regardless of how you organize your data, please be sure to include the following applicable items:

- TAX ENGAGEMENT LETTER (return won't be started w/o it!!)**
- Individual Income Tax Organizer**
- Business Deduction Spreadsheet**
- Current phone numbers and email addresses**
- Changes in your address, marital status or dependents**
- Birth dates and social security numbers for all dependents**
- Driver license copies for all taxpayers**
- Itemized dates and amounts of any estimated tax payments**
- Forms W-2, 1098, 1099 or other tax documents received**
- Broker statements for sales or purchases of stock**
- Closing statements for sales or purchases of real estate**
- Schedules K-1 from partnerships, S-corps, trusts or estates**
- IRA, Keogh or SEP contributions**
- Moving expense and reimbursement information**
- Business or job related auto mileage statistics**
- Name, address and tax ID numbers of child care providers**
- Receipts for non-cash charitable contributions over \$500**
- If you are a new client, a copy of your 2009 tax return**



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The IRS has an effective system for tracing interest, dividends, capital gains and real estate sales reported by banks, brokers, etc. to individual income tax returns. These amounts are reported to you on Forms 1099. Care should be taken to ensure that all such amounts are included in your return. Don't overlook accounts that were closed during the year, or accounts that belong to others (children, parents, etc.) with which YOUR social security number is associated. If you have sold a property and are receiving interest payments directly from the buyer, you must provide the buyer's name, address and tax ID number. Also, note that tax-exempt interest and dividends must nevertheless be reported on your return.

The schedule of itemized deductions should be reviewed carefully. NOTE THAT CLAIMING ITEMIZED DEDUCTIONS WILL BE OF BENEFIT ONLY IF THE TOTAL OF YOUR ALLOWABLE DEDUCTIONS EXCEEDS \$11,400 ON A JOINT RETURN OR \$5,700 ON A SINGLE RETURN. Taxes, mortgage interest and charitable contributions are generally deductible in full. Medical expenses, casualty losses and miscellaneous deductions are subject to percentage-of-income limitations. The moving expense deduction can be claimed regardless of whether you "itemize" your other deductions. Note that "personal" interest (credit cards, car loans, etc.) is no longer deductible. Only claim deductions for items supported by receipts, canceled checks or other appropriate documentation. Receipts (in addition to canceled checks) must be obtained for charitable contributions of \$250 or more. Please enclose mortgage interest statements (Form 1098) received from your mortgage company or home equity lender. If you are making mortgage payments directly to the seller, you must also provide the seller's name, address and tax ID number. Also enclose receipts for non-cash charitable contributions if their combined total exceeds \$500. You do not need to send me other receipts unless you have specific questions about them.

IRS regulations require DETAILED documentation and substantiation for business or job-related auto, travel and entertainment deductions. IF YOU ARE NOT SELF-EMPLOYED, THESE DEDUCTIONS WILL BE OF BENEFIT ONLY IF THEY EXCEED 2% OF YOUR ADJUSTED GROSS INCOME. Note that dues paid for travel, social or recreational clubs are no longer deductible as a business expense. Please

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provide business mileage statistics if you are claiming a deduction for business use of an automobile. **NO DEDUCTION CAN BE CLAIMED WITHOUT BUSINESS MILEAGE STATISTICS.** Your deduction can be based on the greater of the standard mileage allowance of 54 cents per mile, or your actual expenses plus depreciation. You do not need to provide your actual expenses unless you wish to use that method.

Although not listed in the questionnaire, note that tax credits are available for certain higher education expenses paid in 2010, a credit is available for energy efficient appliances and upgrades, and a deduction is also available for certain student loan interest. Please advise if these items are applicable.

B) CORPORATE/PARTNERSHIP INCOME TAX RETURNS:

If your accountant/bookkeeper has prepared your accounting records, please send a copy of your profit and loss, balance sheet, and asset listing for your tax year along with the Corporate organizer found organizer on the "File Your Taxes" tab of www.donahuecpa.net. **NEW** clients should submit a copy of the 2007, 2008, and 2009 income tax returns as well.

C) HOW TO SUBMIT YOUR TAX DATA: You may submit your tax data by appointment (extra Charge), email, fax, or by mail. Appointments are available for an additional charge and are suggested if you are a new client or if there have been substantial changes in your tax situation. Otherwise, submitting your scanned data by email is the fastest and most economical method to adonahue@donahuecpa.net. In addition, please fax **CLEAR** copies of your driver's license, social security cards, W-2s, 1099s, **PAGES 4 & 5** of the organizer, and any other information with your **SOCIAL SECURITY NUMBER** to 501.421.0093. However, if your return information is less than **TEN (10)** pages (excluding cover), you may fax it to 501.421.0093. **NEW CLIENTS:** Please remit a \$100 (\$150 for corporate/partnership) retainer payment when submitting your data or requesting an extension. Your retainer may be paid by Visa, Mastercard, or American Express by providing **CREDIT CARD AUTHORIZATION** at the end of this letter.



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THE BEST TIME TO SUBMIT YOUR DATA IS DURING THE MONTH OF FEBRUARY when returns will take about 2 weeks to complete. Returns submitted during early March will take about 3 weeks. Returns submitted during late March may require extensions and will take 4 to 8 weeks to complete. Please submit your data no later than March 15th if you want your return to be completed by the April 15th deadline without extensions. Even if your return requires an extension, please submit all available data by April 1st. **RETURNS SUBMITTED AFTER APRIL 1ST WILL BE SUBJECT TO A 10% BILLING SURCHARGE. NO EXTENSIONS WILL BE PREPARED UNTIL YOUR TAX DATA AND RETAINER PAYMENT ARE RECEIVED.**

CHARGES AND BILLING PROCEDURES: Charges for tax preparation services are based on the complexity of the return and the time required to prepare it. Typical charges for a return of average complexity (including Itemized Deductions and Child Care) range from about \$150 - \$300. Other charges apply to additional forms – (2106) Employee Unreimbursed Expenses, (8283) Non Cash Charitable Contributions, (4952) Investment Interest Expense, and Sales Tax. Charges for returns involving self-employment, rental properties, capital gains or diversified investments typically range from about \$200 - \$375. Additional charges for personal appointments are typically \$35 for new clients or extensive time. State income tax returns are included. Returns for dependent children or parents receive a 50% discount or flat rate of \$50, whichever is lower, when prepared in conjunction with your return. Additional charges apply for post tax season assistance, such as revised tax estimates (Forms W-4 or 1040-ES), IRS audit representation or extensive phone consultations.

PLEASE REMIT A \$100 (\$150 for corporate/partnership) RETAINER PAYMENT WHEN SUBMITTING YOUR TAX DATA OR REQUESTING AN EXTENSION or complete the CREDIT CARD AUTHORIZATION FORM. The balance of charges will be billed upon completion of your return AND notification of charges. All billings are payable in full upon presentation. Fees not paid within 30 days are subject to a \$50 billing charge plus interest at the rate of 1% per month thereafter.

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LASTLY... Please remember that I am available throughout the year to assist with income tax planning and compliance matters for ADDITIONAL FEES. Thanks for placing your confidence in me as your tax preparer and thanks for your client referrals.

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CREDIT CARD AUTHORIZATION

Type of Credit Card: AMERICAN EXPRESS VISA DISCOVER MASTERCARD

Name on Credit Card: _____

Business Name: _____

Credit Card Number: _____ Expiration Date: _____

Security Code: _____

^The Security Code is the four-digit number on the front of the card for American Express. For VISA, Mastercard and Discover, it is the last three digits on the back of the card.

Signature X _____
