the
WATSON CPA GROUP
certified public accountants • business consultants

Tax Preparation Process (Individual Tax Returns)

Timelines and Considerations

Here are some important dates and considerations for us to help manage expectations-

- **Friday, March 31 2017**

  All tax documentation must be received for us to guarantee an on-time filing (we routinely receive documentation well into April and still complete the tax returns on time- we just can't promise it).

- **Friday, April 14 2017**

  All eFile authorizations must be received.

- **Tuesday, April 18 2017**

  The filing deadline since April 15 is a Saturday and Monday is a holiday. **Tax payments are also due** regardless of an extension.

April 2017

Su	Mo	Tu	We	Th	Fr	Sa
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2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

- Our normal turn around time after receiving everything we need is **7-10 days**. We will update you with email and text alerts along the way.

- We have a **soft-close at 3:01PM** on Fridays to enjoy a beer, chips and salsa, and to unwind a bit. Apparently having fun before 3:00 is frowned upon in our establishment. Back at it on Saturday!

Client Engagement Agreement

In the past we've not been as stringent on engagement agreements. However, the IRS, American Institute of Certified Public Accountants (AICPA), ethical guidelines and our professional liability insurance now require client engagement agreements. They can be demanding that way. Please click on the link below to electronically review and sign this agreement.

www.watsoncpagroup.com/engagement

It is easy and painless, and needs to be submitted prior to the preparation of your tax returns.

Security and Privacy Procedures

Your security and privacy is very important to everyone at the Watson CPA Group. Please review the various policies and procedures which are implemented to protect your confidential information.

www.watsoncpagroup.com/safe

Update Your Contact Information

Even if you are a returning client, please confirm your phone numbers and email addresses. Also, the IRS and several states are requiring that a **government issued ID be electronically submitted** with your tax returns to curb identify theft. Use the link below to securely provide this information to us. We cannot file without it.

www.watsoncpagroup.com/contact-info

Online Submit Forms, Tax Questionnaire

If you are an existing client, your pre-filled tax organizer was emailed to you a while ago- please let us know if you need it resent via email, or printed and mailed.

In the meantime, we have online submit forms where you can enter things like dependents, charity, rental property information, small biz expenses, etc. through our website. This information is securely sent to us and will eventually be loaded into your client portal. Please review our online submit forms and tax questionnaire at-

www.watsoncpagroup.com/taxes

You will find our forms very short and concise, and in general they will help ensure that your tax returns are comprehensive. Our past experience has shown that errors and misunderstandings come from scribbled notes and the like. While you are telling us about your favorite food, we hear green is your favorite color. So, everyone wins if we can efficiently and accurately process your tax information during the preparation of your tax returns.

Having said that, if you want us to tally or summarize notes and receipts into our forms, we must charge $80 per hour for this preparation (a little bit here and there is always expected- but the bag of receipts, not so much).

Please don't overlook the **2016 Tax Questionnaire** and the **Miscellaneous Questionnaire**- both are great ways to ensure we are preparing the best possible tax return for you.

ACA Compliance

The Affordable Care Act aka ACA aka Obamacare has unique tax consequences that we must address. Please don't shoot the messenger. Form 1095 is being used to report your health insurance coverage, and it has three sources-

1095-A Marketplace
1095-B Private Insurance
1095-C Company Sponsored (B and C might be combined on one form depending on your employer)

Regardless of your situation, these forms should be mailed to you in February of 2017 for the 2016 tax year. However, according to the IRS you do not need the 1095-B or 1095-C forms to file your tax returns (but we will need a 1095-A if that applies to you). In addition, **everyone must complete** the super simple ACA Questionnaire at-

www.watsoncpagroup.com/aca

Unfortunately www.watsoncpagroup.com/aca-stinks was already taken.

Business, Rentals and Other Worksheets

Along with our online submit forms we have also created worksheets for your small business, home offices, vehicle expenses, rental property and 1099-MISC tax form. Please review our online worksheets at-

www.watsoncpagroup.com/taxes

Using the worksheets will help you organize your various expenses so they can be accurately processed on your tax return. There might be expenses you are overlooking or forgetting- we believe a lot of clients are leaving money on the table by not using our worksheets. If the table was ours, we wouldn't care as much- we'd just send a check to you. But the IRS is not as thoughtful.

Sending Us Your Documents

We provide worldwide tax preparation service and your ability to communicate with us is critical to everyone's success. And your comfort level in sending sensitive and personal information is our top priority so we have implemented four ways to safely and securely send your tax documents to us:

Client Portal

Since 2007 we have used ShareFile to administer our Client Portal which provides secure, online document exchange. The Client Portal will allow you to securely upload your tax documents to our office. As more companies electronically provide year-end tax statements and forms, and as scanners become more user friendly, uploading these files will save you time and resources. In addition, the Client Portal can be used to retrieve and review your tax return prior to eFiling.

> **Note on Scanning:** Our preference is for you to create one ginormous PDF file of all your paper tax documents. We understand that some of your tax statements will be separate PDFs since you received them electronically. No worries- do what you can but know that submitting one PDF is our preference.

Printing to PDF- Most operating systems have a PDF printer already installed- if not, please do an internet search for free PDF printers (we use Cute PDF ourselves). This is a very handy tool which installs a **PDF printer** allowing you to print anything to a PDF file. Screen shots, online activity, Excel spreadsheets; anything you normally print to paper can be saved as a PDF. This is especially useful for bank website or other dynamic websites where you cannot directly save the information.

And there is a cool site called **www.pdfmerge.com** which will securely merge PDFs into one big PDF file for free! There are limitations of course- nothing free is really that cool.

We understand not everyone will be comfortable using the Client Portal and therefore we will accommodate all requests for alternative ways of sending your tax documents to us. Otherwise, you can access the Client Portal at-

www.watsoncpagroup.sharefile.com

Secure Fax

If you decide to fax your tax documents, our tax team fax number is 719-453-0256. You can also use our toll-free main fax number of 855-345-9700. We will email you and send a text message alerting you that your fax was received. We will also upload your faxed documents to your Client Portal should you need this information again in the future.

> **Note:** Please provide a cover letter with all faxes. If you want to be a superstar and have our tax admins think you are the best client ever, you should **initial and number each page**. But that is not required.

Mail, Road Trip

If you do not have access to a fax machine or scanner, you may also mail your information to us. We encourage the use of FedEx or UPS. Our address is:

Watson CPA Group
9475 Briar Village Point Suite 325
Colorado Springs CO 80920

> **Note:** The ability to maintain our competitive fees relies on receiving soft copies (faxes, scans, emails) or hard copies of your originals. If you send us original documents, and do not want them returned to you we will maintain them in our office indefinitely. If you want originals sent back to you, we must charge a **$45 fee** for the costs of copying and mailing. We do not have extra resources during tax season for this activity- **we can only return originals in May**.
>
> All tax documents and work papers that you provide as hard copies will be scanned and uploaded to your client portal.

If making a road trip to our office, tax preparation seems to improve dramatically with donuts.

Let Us Know

Lastly, you can use any combination of these methods- if you want to upload some documents and fax others, we are flexible. However, **it is difficult to know when clients are done sending their tax documents**. So, please send an email to **support@watsoncpagroup.com** or give us a shout at 719-387-9800 to let us know you are done. We love phone calls from our clients- voices, stories, weather updates- all good stuff!

Also, if you are waiting on one last tax document such as a rogue K-1 or 1099, please send what you have. We will prepare a preliminary tax return, and simply drop in the late document at the last minute.

Directions, Appointment

Over 65% our tax clients live outside of Colorado, therefore we are proficient in preparing your tax return without an appointment. However, if Colorado Springs is convenient for you or if you would like to Skype, please call or email us to schedule.

If you want to make an appointment, please contact us. We are located in Colorado Springs, but can Skype (screenname of WatsonCPAGroup) or screenshare with clients all over the globe. If an appointment is inconvenient, remember you can always mail, fax or scan your tax documents to us.

View directions at **www.watsoncpagroup.com/Directions.pdf**

Contact Info

The tax team consists of four managers, including several seasoned tax professionals and admins. Here is the contact information for your Tax Pod-

Pod A is managed by Tina Watson, and primarily focuses on partnership and corporate tax returns, including complicated individual tax returns.

Tina Watson, CPA, MBA
Senior Partner
719-428-3257 direct
tina@watsoncpagroup.com

Pod A's Distro- poda@watsoncpagroup.com

Pod B is our super pod and is co-managed by Jason Watson and Mayzie Brown, and primarily focuses on flight crew, rental property owners and small business owners.

Jason Watson, EA, CDFA, MBA
Managing Member
719-428-3261 direct
jason@watsonbizconsulting.com

Mayzie Brown, CPA
Tax Manager
719-219-0830 direct
mayzie@watsoncpagroup.com

Pod B's Distro- podb@watsoncpagroup.com

Pod C is managed by Sally Rhoades, and primarily focuses on small business owners, rental property owners, expats (expatriates) and all kinds of individual tax returns.

Sally Rhoades, CPA
Tax Manager
719-428-3269 direct
sally@watsoncpagroup.com

Pod C's Distro- podc@watsoncpagroup.com

Tax Pods

We work in teams (or as we say, pods) and each person above is a pod leader. Each pod has two to three tax professionals- several return each year, but we also pay back to our accounting community by training new CPA students from the University of Colorado at Colorado Springs (UCCS). This pod arrangement provides better ownership of each tax client's unique situation and allows us to learn as much as we can about you so that we can comprehensively prepare your tax returns.

Tax Admins

We have five wonderful tax admins who support each tax pod as a collective pool. Amanda and Becky are full-time admins for the Watson CPA Group, and we have added three seasonal tax admins for the tax season. They are the gatekeepers. They are the team that makes everything happen. Each Tax Manager and all our tax return preparers rely heavily and sincerely appreciate our tax admins.

Growing Pains

We are a growing company, and every year we retool our procedures. And the unfortunate thing about our business is that we don't know our process is broken or needs improvement until about March 26, and the devil we created is the devil we live with until April 15. And each year we attempt to improve our process to you- the feedback you provide is tremendous, and we appreciate all the comments and suggestions.

Rest assured that anytime you feel your needs are not being met, please contact Jason Watson or Tina Watson. If we stink at something, we want to know. And you should know that we'll make it right, right away.

Text Messaging

We have also developed a Client File Management System (CFMS) where you can access your tax file and track its progress. Our CFMS system will also email and text you with various alerts- when your tax returns are assigned for preparation, if we have missing information, when they are available for your review, etc. Our automated system is designed to provide better communication with you, but it is not a substitute for good old fashioned phone calls- if we feel like communication has broken down, we will always call you.

The Process

Here is a timeline of what to expect. Life is all about managing expectations, and we attempt to do that here-

- You send us your tax stuff, and we alert you (through email and text message) that it is received.
- A tax admin reviews it for obvious missing information or items, and contacts you if necessary.
- Your file is assigned to a tax pod based on legacy for returning clients, or type and complexity for new clients. We also alert you with an email and text.
- Your tax return preparer and Tax Manager prepare your tax returns.
- If there are questions or clarifications needed, the Tax Manager contacts you, and we also alert you.
- If your tax returns are ready for review, we send a secure copy via email and the client portal, and alert you.
- If you have questions or comments, you can email those directly by replying to the email containing your tax return or contact your pod leader directly. We **ALWAYS** want you to understand your tax returns and feel comfortable about the information being filed. We typically allocate about 15-20 minutes for individual tax returns, and partnerships and corporate tax returns we allocated 30-40 minutes.
- Once you review and approve your tax returns, you need to do two things-

    1. Give us permission to eFile your tax returns on your behalf, AND

    2. Pay your tax preparation fee. No tax returns are filed until payment is made. Do both here-

        www.watsoncpagroup.com/efile

- About 2-3 days after eFiling, you will receive emails from taxing agencies such as the IRS and the state letting you know that your tax returns have been received. It is common for states to email you before the IRS.
- Boom! That's it (at least until next year). Enjoy your spring and summer!

The One Call Team

The Watson CPA Group is expanding its depth and quality of services to our clients. We were concerned about our clients only having access to individual silos of quality advice from tax modeling to small business consultation to retirement planning to estate strategies. Picture a drive through Wisconsin farmlands. Each silo individually doing the right thing, but collectively missing the mark.

Therefore, we have connected with professionals who are independent of the Watson CPA Group, yet work collaboratively to form a financial team under one roof, quite literally. Tax and Small Business Consultants. Financial Advisors. Biz Law Attorneys. Estate Planning Attorneys. Mortgage Brokers.

One Call • One Team • Working in Concert

With the One Call Team, you have quality advice from-

- Certified Public Accountants
- Small Business Consultants
- Estate Planning Attorneys
- Financial Advisors
- Insurance Specialists

In Closing

If you have any questions, please feel free to call us at 719-387-9800 or email at **support@watsoncpagroup.com**. Thanks again for your time- We look forward to working with you!!

Warm Regards,

The Watson CPA Group
9475 Briar Village Point Suite 325
Colorado Springs CO 80920

719-387-9800 office
855-345-9700 main fax
719-453-0256 tax team fax

www.watsoncpagroup.com

Gathering Your Tax Documents

The quality of your tax return and the timeliness of its preparation depend strongly on obtaining all your tax documents and information. Therefore we have created the following checklist for our online submit forms and tax related documents. As more companies move to electronic delivery of their tax documents and statements, this checklist will help ensure you are not missing important tax documentation.

Submit Forms

- Contact Information
- Dependents
- Child, Dependent Care
- Education, Tuition, Student Loans
- Moving Expenses
- Medical Expenses, HSA Contributions
- Mortgage, Property / Real Estate Taxes
- Charitable Contributions
- Partnerships Expenses
- Job-Related Expenses
- Retirement 529 Accounts
- Personal Property, Sales Tax
- Miscellaneous Questionnaire
- ACA and 2016 Tax Questionnaires

Income

- W-2s from Employers
- K-1s from Partnerships, S-Corps, Trusts, Estates
- 1099s from Banks, Investment Brokers, Government Agencies, Contract Employers, etc.
- Cost Basis, Purchase History for Stock Sales (if you received a 1099-B)

Home Deductions

- 1098s from Mortgage Lenders (the form is now required, not just the figures)
- Home Purchase / Refinance Documents, HUD Statements
- Private Mortgage Insurance (PMI) Premiums, Year-End Loan Statements
- Property / Real Estate Taxes Paid

Small Businesses

- Small Business Online Submit Form
- Vehicle and Mileage Online Submit Form
- Home Office Deduction Online Submit Form
- List of equipment, service dates, values, if depreciated in earlier years

Rental Properties

- Rental Property Online Submit Form
- Vehicle and Mileage Online Submit Form
- HUDs or Closing Statements for purchases, refinances and/or sales
- Prior year depreciation schedules showing cost basis and service dates
- List of improvements, completion dates, values, if depreciated in earlier years
- Form 8542 or similar detailing any disallowed passive losses on your rental properties

Tax Questionnaire, Miscellaneous Questionnaire

Please visit our website to complete the 2016 Tax Questionnaire. These are simple Yes or No questions which will prompt us to probe further with more questions if necessary. This will ensure a comprehensive tax return.

www.watsoncpagroup.com/TQ

There is also a Miscellaneous Questionnaire that should be reviewed at-

www.watsoncpagroup.com/MQ

Additional Checklist for New Tax Clients

- Last Year's Federal **and** State Tax Returns

  At the very minimum we need your Form 1040 (pages 1 and 2) and all lettered schedules (A, B, C, D and E). Information such as last year's itemized deductions, carry-forward losses from investment sales, accumulated depreciation, disallowed passive losses, etc. Some of these things might not pertain to you, but providing this information is important.

  If you were subjected to AMT in the past, we will need the past four years (sorry).

  A soft copy such as a PDF of your entire tax return is helpful (and actually preferred).

- Last Year's Tax Prep Fees (they might be deductible)
- Dates of Birth and Social Security Numbers (you, spouse, children, etc.)
- Routing and Account Numbers for Direct Deposit

The above items are bare bones. We strongly encourage all new tax clients to go through each online submit form to ensure all information is being gathered. Our secure online submit forms are available at-

www.watsoncpagroup.com/taxes