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Timely Tax Tips – Practical Advice for 2004 Step One Organize!

By Cynthia Hatfield

Did you know that organization can save you time and money (and possibly improve your hairline?) Think about how much time you spend each year searching for important documents. Pretty soon, the government, financial institutions and other organizations will begin sending you tax documents necessary for the preparation of your tax returns. Here are some easy to apply tips for organizing documents to assist you with your 2003 return preparation. Whether you attempt it yourself, or cart the information off in a shoe box to your favorite accountant, you will find these helpful and they will save you money too!

1. Designate a file folder for tax documents and mark it “Taxes 2003”. Each day, when the mail arrives, sort out items labeled “tax return document” and toss them immediately into this file folder.

2. Review your checkbook register and monthly credit card bills with a set of highlighters. Mark charitable contributions in yellow, estimated tax payments for Federal in pink, Ohio in blue, real estate tax payments in orange, medical payments in green, investment or other business expenses in lavender, and so forth. You get the picture. Summarize the like colors on a separate sheet of paper and insert into the file folder.

3. Gather any miscellaneous receipts received throughout the year and add them to the file folder, if pertinent. Examples include receipts for non-cash charitable donations.

4. Set up a method now, either computerized or handwritten, to document all of your work or business related expenses such as travel, meals and entertainment, and gifts. Be certain to track the date, amount, who was present and intent or purpose of the expense.

5. Finally, make another folder and mark it “Taxes 2004”. Keep it handy, and fill it up throughout the year. This time next year, you will be glad you did! (And your accountant will be, too!)

If you have questions or comments regarding this article please direct them to Cynthia Hatfield at chatfield@zinner-co.com. A Bainbridge resident, Cynthia M. Hatfield, CPA, is a tax manager with Zinner & Co. LLP, an accounting, tax, consulting, and financial services firm located in Beachwood. She enjoys the mental challenge that taxation presents and serves her clients with over 10 years of knowledge and experience on the subject. She serves her clients by reviewing and researching tax issues of closely held corporations, partnerships, trusts, estates and individuals. Cynthia works with clients that include charities and other tax-exempt organizations, physicians, entrepreneurs, engineers, construction and real estate investors, and high net worth individuals. She is a member of the Ohio Society of CPAs and the Northeastern Ohio Balloon Pilots Association. Cynthia also serves on the board of Chagrin Falls Park. She has a Bachelor of Business Administration in Accounting from Kent State University.