



TALBOTT
BOOKKEEPING

TAX PREP & COMPLIANCE: *QUICK-REFERENCE GUIDE*



TALBOTTBOOKKEEPING.COM



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1. Get Organized Early

- Gather Documents: W-2s, 1099s, investment reports, mortgage statements, etc.
- Create a Checklist: Note deadlines and required forms (e.g., Form 1040, Schedule C, etc.).

2. Separate Business & Personal Finances

- Maintain Separate Accounts: Use distinct bank accounts & credit cards.
- Track Expenses Consistently: Dedicate a system (spreadsheets or software) to log all expenses.

3. Identify Your Deductions

- Home Office: Deduct a portion of rent, utilities, and internet if you use part of your home solely for work.
- Vehicle Mileage: Log miles for business travel, using apps or a written log.
- Education: Deduct work-related training or certification costs.
- Health Insurance: Self-employed folks can often deduct premiums.

4. Keep Accurate Records

- Digital Receipts: Scan, photograph, or store receipts in a cloud-based app.
- Invoice & Payment Tracking: Save all proof of income (PayPal statements, invoices, bank deposits).
- Automate: Consider accounting software (QuickBooks, Xero) for real-time tracking.

5. Leverage Retirement Contributions

- IRA & 401(k): Contributions can lower taxable income.
- Self-Employed Options: Explore SEP IRAs, Solo 401(k)s, or SIMPLE IRAs for more significant deductions.

6. Watch Out for Key Tax Credits

- Child Tax Credit: For eligible dependents.
- Education Credits: American Opportunity or Lifetime Learning.
- Energy Credits: For home improvements (solar panels, energy-efficient HVAC, etc.).

7. Plan for Estimated Taxes

- Quarterly Payments: Freelancers & small businesses must often pay taxes quarterly.
- Avoid Penalties: Calculate estimated tax to sidestep underpayment fees.

8. Seek Professional Help When Needed

- Consult a CPA or EA: Saves time, ensures accuracy, and maximizes deductions.
- Stay Up-to-Date: Tax laws change; a pro keeps you compliant.

9. Keep an Eye on Tax Deadlines

- File on Time: The standard deadline is usually April 15 (U.S.).
- Extensions: Form 4868 provides six extra months, but tax payments are still due by the original deadline.

10. Review & Double-Check

- Use Checklists: Verify each form and figure for typos or miscalculations.
- E-file: Quicker processing and refunds, with fewer manual errors.

Final Note:

- Staying on top of tax prep and compliance not only helps you avoid penalties but can significantly boost your tax savings. Invest in basic record-keeping and consider professional advice when in doubt—these steps ensure a smoother tax season and maximize your deductions year after year.

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