

Gathering Your Tax Documents (**Expats**)

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 worksheets as secure digital forms (also available as fillable PDFs) 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.

Worksheets

- ▲ Contact Information
- ▲ Dependents, Child Care
- ▲ Education, Tuition, Student Loans, 529
- ▲ Deductions, Medical, Home, Charity
- ▲ Small Business
- ▲ Rental Property
- ▲ Auto Expenses
- ▲ Home Office
- ▲ Property Sale
- ▲ **Expat, Foreign Earned Income**
- ▲ 2020 Tax Questionnaire, Retirement

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, Closing Disclosure / HUD Statements
- ▲ Private Mortgage Insurance (PMI) Premiums, Year-End Loan Statements
- ▲ Property / Real Estate Taxes Paid

Small Businesses

- ▲ Small Business Worksheet Set Up wgcinc.com/620
- ▲ Small Business Worksheet Operations wgcinc.com/621
- ▲ Auto Expense Worksheet wgcinc.com/625
- ▲ Home Office Worksheet wgcinc.com/623
- ▲ List of equipment, service dates, values, if depreciated in earlier years

Rental Properties

- ▲ Rental Property Worksheet wcginc.com/630
- ▲ Auto Expense Worksheet wcginc.com/625
- ▲ Closing Disclosure Statements or HUDs 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 8582 or similar detailing any disallowed passive losses on your rental properties

Tax Questionnaire, Miscellaneous Questionnaire

Everyone is strongly encouraged to review the annual questionnaire. As tax laws change from year to year, we need to ask questions to ensure you are getting the most out of your tax returns.

wcginc.com/690

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).

- ▲ Dates of Birth and Social Security Numbers (you, spouse, children, etc.)
- ▲ Bank Routing and Account Numbers for Direct Deposit
- ▲ Current Address

You can provide this Contact Information to us using our secure digital form-

wcginc.com/610

Getting Started Web Page

You can quickly access all due dates, checklists, secure digital forms, questionnaires, Engagement Agreement, etc. with our concise Getting Started webpage-

wcginc.com/taxes

Timeline for Expats

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

▲ Thursday, March 25 2021

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).

▲ Thursday, April 8 2021

All eFile or Extension authorizations and fee payments must be received.

▲ Thursday, April 15 2020

The filing deadline for all individual tax returns (except Expats). **Tax payments are also due** regardless of an extension (see below).

- ▲ Our normal turn-around **time after receiving everything we need is 10-12 days**. We will update you with email and text alerts along the way.

But! From about March 1 thru March 12 or so, we are completely focused on business entity tax returns since their filing deadline is March 15. This means that 2019 individual tax return preparation is paused. If you provide your tax documents to us by Valentine's day or so, we should be able to complete your tax returns prior to the March 1 pause. We hope you understand as we attempt to balance firm resources with client needs and filing deadlines.

- ▲ We have a **soft-close at 4:05PM** on Fridays to enjoy a beer, chips and salsa, and to unwind a bit. Apparently having fun before 4:00 is frowned upon in our establishment. Back at it on Saturday!

If you miss our cutoff (**Thursday, March 25**) and still want your tax returns filed on time, we might be able to but we cannot guarantee it. However, we are willing to stay late, order takeout and pay some over-time to get your tax returns pushed through. Our typical fee for this is \$250, but might be waived or increased depending on your situation. Please note- we are not saying you must pay this rush fee if you miss a cutoff; we only charge it if you want a guaranteed timely filing once we are past the cutoff. Having said all this, nothing good happens when people are rushed at the last minute. We will accept the rush arrangement on a case by case basis.

April 2021 						
Su	Mo	Tu	We	Th	Fr	Sa
				1	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	

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Expatriate Tax Preparation Considerations

Special Expatriate Timelines

For partial years, you must qualify as an expatriate taxpayer (foreign earned income exclusion) before we can file your tax returns. For example, you leave the United States on August 1 2020. We must wait until the following July 31 2021 before we can file your tax returns. **However, if you owe taxes, those payments are required by April 15 to avoid interest (penalties are delayed until June 15).** Therefore, it is ideal to prepare the tax returns, compute your tax liability, make a timely payment of taxes, and then file the tax returns when you qualify as an expatriate taxpayer.

FBAR FinCEN Report 114

We can complete the Report of Foreign Bank and Financial Accounts (FBAR) for foreign financial accounts if you like. This report is now required to be filed by April 15 and is commonly filed in conjunction with your individual tax returns. We do not automatically complete the FBAR nor is it included in your tax preparation fee. Our fee for the FBAR is \$200 which includes up to 5 accounts.

This might seem steep and you are welcomed to do it yourself... the questionnaire is lengthy so we not only have to gather a bunch of stuff from you, we have to submit it as well. The FBAR is electronically submitted to the Financial Crimes Enforcement Network, a division of the U.S. Treasury Department (who also oversees the IRS).

IRS Form 8938

Similar to the FBAR, we do not automatically complete IRS Form 8938 nor is it included in your tax preparation fee. Our fee for IRS Form 8938 filing is \$200 which includes up to 5 accounts. If you are unmarried (filing as a single) and you have foreign assets exceeding \$200,000 on the last day of the year or \$300,000 anytime throughout the year, or \$400,000 and \$600,000 respectively for married taxpayers, you are usually required to file Form 8938.

If you do not qualify as an expatriate, Form 8938 is still required for joint filers if you have foreign assets exceeding \$100,000 on the last day of the year or \$150,000 anytime throughout the year. The IRS has a nice Form 8938 table detailing the filing requirements for those living in the U.S. versus outside the U.S.
FBAR vs IRS Form 8938

FBAR versus 8938

Some taxpayers might file on the FBAR. However, if a taxpayer has to file IRS Form 8938, it is a near certainty that he or she would also file the FBAR. Both forms are now typically filed with your individual tax return (Form 1040) and due April 15 (the FBAR does have an automatic 6-month extension built into it).

Extensions

If you want to extend your tax returns, a few things to keep in mind. First, we must get written approval from you to extend your tax returns. We cannot legally file an extension without permission. So, if we don't hear from you, an extension will not be filed. Failure to file is a huge penalty (5% per month based on tax due).

Second, an extension to file is NOT an extension to pay. Taxes are due April 15 (**red circle above**). If you want us to help determine your general tax liability so you may send a payment with the extension, please let us know by the eFile Authorization deadline above. Failure to pay is a smaller penalty (0.5% per month based on tax due).

Here is the link to extend your tax returns-

wcginc.com/extend

Failure to file and failure to pay penalties do not apply when you are receiving a tax refund.

We must receive your tax return extension authorization by Thursday, April 8.

Extended tax returns will be completed in May or June provided we have everything we need from you. Our turnaround time increases to **12-15 days** during the off-season to accommodate for mental breaks and vacations. Frankly, our motivation wanes slightly after April 15 but we bounce back fast.

If You Owe Taxes

If money is tight, our recommendation is to file your tax returns and then work out a payment plan with the IRS. For any amount under \$50,000 the process is done via phone or online, and the terms are generally 6% for 60 months (might be less depending on the amount). There are other devils in the details such as set up fees, automatic ACH, accruing penalty and interest, etc. However, the installment agreement with the IRS does not show on your credit report and is a quick way to get out of a bad situation.

Under no circumstances should you not file your tax returns. File on time, and then figure out the money later. As mentioned before, the failure to file penalty is huge.

Client Engagement Agreement

The IRS, American Institute of Certified Public Accountants (AICPA), ethical guidelines and our professional liability insurance require client engagement agreements. They can be demanding that way. Please click on the link below to electronically review and sign this agreement.

wcginc.com/engagement

It is easy and painless, and needs to be submitted prior to the preparation of your tax returns. Yes, we need one for every year. Yes, we need one even if you are a Business Advisory Services client.

Security and Privacy Procedures

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

wcginc.com/safe

Update Your Contact Information

Even if you are a returning client, please confirm your phone numbers and email addresses. Also, most states are requiring that a **government issued drivers' license be electronically submitted** with your tax returns to curb identify theft. We cannot use passports, military IDs or library cards, sorry. Use the link below to securely provide this information to us. We cannot electronically file tax returns without it.

wcginc.com/610

Tax Organizer

If you are an existing client, your pre-filled tax organizer is available upon request and will be placed in your client portal- please let us know!

Worksheets Available

Here is a list of our online digital worksheets. As mentioned before, you do not have to replicate data that is available elsewhere. For example, mortgage interest and real estate taxes reported on Form 1098 do not need to be entered again with our worksheets. Let's keep life simple and easy for you; that's why you hired us.

Contact Info	Used for basic contact information	wcginc.com/610
Dependents	Used for dependents and dependent care	wcginc.com/612
Deductions	Used for moving, medical, local taxes, home, charity, IRA	wcginc.com/615
Education	Used for education expenses, student loans, 529	wcginc.com/617
Business Set Up	Used for all businesses to detail set up information	wcginc.com/620
Business Ops, Fin. Data	Used for all businesses to report income and expenses	wcginc.com/621
Home Office	Used for home office deductions	wcginc.com/623
Auto Expenses	Used for actual expenses and mileage information	wcginc.com/625
Accountable Plan	Used for business owners to reimburse for mixed use expenses	wcginc.com/628
Rental Property	Used for rental property income and expenses	wcginc.com/630
Property Sale	Used for reporting real estate sales, home and rental	wcginc.com/637
Expat	Used for expatriates to report foreign income, dates	wcginc.com/640
Annual Questionnaire	Used for tax questions including retirement contributions	wcginc.com/690

Please don't overlook the **2020 Tax Questionnaire**- this ensures we are preparing the best possible tax return for you.

You can also access all this stuff with our Getting Started webpage link-

wcginc.com/taxes

You will find our worksheets 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 \$150 per hour for this preparation (a little bit here and there is always expected- but the bag of receipts, not so much).

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 three 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: Do what you can, but know that creating and submitting a PDF for each tax document is our selfish preference should you be wondering.

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.

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

wcginc.com/portal

Secure Fax

If you decide to fax your tax documents our toll-free fax number is 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

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 mailing address is:

WCG Inc.
2393 Flying Horse Club Drive
Colorado Springs, CO 80921

Road Trip

We have two convenient office locations for your road trip-

- ▲ 2393 Flying Horse Club Drive, Colorado Springs, 80921 or
- ▲ 9777 Pyramid Court Suite 240, Englewood, 80112.

If making a road trip to our office, tax preparation seems to improve dramatically with donuts. You can also hang out and have some coffee in our social lounge. Fun!

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 for three years. 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.

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@wgcinc.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, the latest disaster your kid created, random tax questions- 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.

Appointment

Over 80% of our tax clients live outside of Colorado, therefore we are proficient in preparing your tax return without a face-to-face appointment. However, if Colorado Springs or Englewood is convenient for you or if you would like to videoconference, please call or email us to schedule. If an appointment is inconvenient, remember you can always mail, fax or scan your tax documents to us.

Growing Pains

We are a growing company and every year we retool our procedures. 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. Each year we attempt to improve our process for 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 a Partner directly; Tina Watson, Jason Watson, Sally Rhoades and Michelle Day will stop, listen and work with you one on one to resolve. If we stink at something, we want to know. And you should know that we'll make it right, right away.

The Process

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

Assembly

- ▲ You send us your tax stuff and we alert you through an email and a text message that it is received.
- ▲ Client Support reviews it for obvious missing information or items, and contacts you if necessary.
- ▲ Your file is assigned to a two-person team based on legacy for returning clients, or type and complexity for new clients. We also alert you with an email and a text message.

Tax Preparation

- ▲ Your Staff Accountant alongside a Tax Manager or Partner prepare your tax returns. Fun!
- ▲ If there are questions or clarifications needed, your Staff Accountant contacts you via email or telephone call. You are also alerted with a text message. We try to only have one point of contact (or one throat to choke) so communications are efficient for you.

Tax Return Review and Filing

- ▲ If your tax returns are ready for review, we send a summary email highlighting concerns or questions, upload a PDF copy to your client portal and alert you with a text message. In the homestretch now!
- ▲ If you have questions or comments, you can reply to the tax return summary email or we can schedule an appointment.. We **always** want you to understand your tax returns and feel comfortable about the information being filed. For a scheduled tax return review, we typically allocate about 15-20 minutes for individual tax returns (40 minutes if in-person versus telephone), and 30-40 minutes for partnership and corporate tax returns.

Warning: We strongly encourage you to schedule your tax return review within 10 business days of receiving the draft copies. If you have had draft copies of your tax returns for more than 10 business days, we might not have availability to review your tax returns prior to the filing deadline. Also, we cannot review your individual tax return during April. Do not feel rushed! We can simply extend the filing of the tax returns until May or June, and schedule a review for that time.

Please move 'review tax returns' ahead of 'call mom' just this one time. Pretty please.

- ▲ 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-

wcginc.com/efile

- ▲ About 2-3 days after eFiling you will receive emails from our tax software (UltraTax) letting you know that your tax returns have been received. It is common for states to accept your tax returns before the IRS.

We get the same notifications CC'd to us and alert you with a text message. We monitor the acceptance of your tax returns, and follow up with the taxing agencies after 72 hours if an acceptance notification is not received.

- ▲ About 4-6 weeks after receiving acceptance notifications, refunds (if applicable) are directly deposited into your account. States are routinely flagging random tax returns for manual processing which adds about 8-12 weeks to the refund and at times they will also mail a paper refund check (to curb tax return fraud).

- ▲ Boom! That's it (at least until next year). Enjoy your spring and summer!

Expat Tax Patrol

We also have Tax Patrol! This is a wonderful tax service for those who don't need all the business advisory bells and whistles above, but from time to time want some love from an experienced tax consultant and business advisor. Have a quick tax question? Need to know the depreciation rules as you buy that new car? Wondering what your April tax bill is going to be in August? Tax Patrol is like ski patrol... you might not use it, but you sleep better knowing you have it.

Typical Expat Tax Patrol fee is \$100 per month which includes tax preparation, estimated tax payment calculations, IRS audit defense, unlimited complimentary quick chats and a tax planning event.

In Closing

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

Warm Regards,

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