

All About Tax Planning

Tax planning is very important if you want to make sure that your income tax return is filed quickly, effectively, accurately, and painlessly. Through careful tax planning, you can have everything you need to file your income tax return at your fingertips whenever you are ready to file. Tax planning is also helpful in the case that your income tax return is brought up for audit by the Internal Revenue Service.

Tax planning is essentially tracking your income tax deductible items as they come up, and keeping records organized and handy in case they are needed. The most important tool for tax planning is a small filing cabinet. You can use this filing cabinet to file your tax planning documents and receipts, as well as keep track of previous tax returns filed and other important documents such as birth certificates and social security cards. The file cabinet you get to use for your tax planning should be fire proof and have a lock. That way your tax planning documents are safe in almost any disaster, and other people cannot easily gain access to your tax planning and other important documents.

Part of tax planning is making sure that you are aware of what expenses are tax deductible. You cannot engage in tax planning and track tax deductible expenses if you don't know what you should be tracking! The Internal Revenue Service offers many publications on this subject. However, if you have any questions about income tax deductible items you should contact a qualified, certified, and licensed tax professional.

Once you know what tax deductible expenses you will need to track for the coming tax year, you need to set up tax planning record keeping system. This can be a simple receipt book, expanding file, index cards, envelopes, or any other method that makes sense to you. Keep in mind, however, as you engage in tax planning, that your tax planning record keeping system should not only make sense to you, but also make sense to your income tax preparer and the Internal Revenue Service if necessary.

At the end of each month, you can add up the totals for the different types of income tax deductible expenses you recorded in your tax planning records for that month. This way, all you have to do to discover your tax deductible amount is add up the totals for each month. The other records you collect and track through your tax planning are simply for proof that you can claim these income tax deductions, and are not really needed for preparing your income tax return if you have all of your totals in order.

On the surface, income tax planning may seem complicated and difficult. But

with proper organization, tax planning is really quite easy. Not only that, but when you engage in income tax planning, you better your chances for that larger income tax refund that you need and deserve. If you have any questions about tax planning, you should contact a tax planning professional tax accountant today!