

Avoiding Costly
in Representing



TAX CLIENTS

The Presenter



- ✓ Tax Attorney
 - Ligot Dizon Law Firm, P.C.
- ✓ Admission
 - New York State Supreme Court Appellate Division Third Judicial Dept.
 - United States Tax Court
- ✓ Education:
 - Master of Laws in Taxation, University of Houston Law Center
 - Master of Business Administration in Finance, University of Houston-Victoria
 - Bachelor of Business Administration in Accounting, University of Houston-Downtown
 - Juris Doctor, University of the Cordilleras
 - Bachelor of Science, University of the Cordilleras
- ✓ Practice
 - Taxation Law
 - Business Law
 - Bankruptcy Law



Overview



Planning



Common Mistakes



Avoiding Error

Avoiding Costly  in Representing
TAX CLIENTS



☐ Filing taxes

- Sign that you are responsible
- Mandatory in some cases
- Loan or card company may want to see your return
- Necessary if you want to claim against past losses
- Filing returns may be useful in case of revised return



❑ Reasons to file income tax return

- Avoid late filing penalties
- Obtain allowances
- Collect any refund owed to you
- Claim for tax credit
- Applying for loans
- Owning foreign assets



❑ Reasons why some people fail to file

- Filing costs
- Forgetting or running out of time
- Invalid advice from a “competent professional”
- Destruction of records
- Fear of having to pay taxes
- Laziness
- Ignorance
- Belief that paying income taxes is voluntary

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Failure to plan is
planning to FAIL.





☐ Choose a preparer

- An attorney you know
- Ask friends and advisors to make referral
- Schedule appointment



□ Prepare

- Gather your information returns
- Gather your receipts
- Find a copy of last year's return
- List your personal information
- Decide on filing extension
- Decide what to do about refund



□ File your taxes

- Even if you don't owe money
- Consider the statute of limitation (SOL)
- Expecting refund
- OIC or installment Agreement

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Common in Preparing Tax>Returns



- ❑ Getting the Social Security numbers **WRONG**



Common in Preparing Tax>Returns



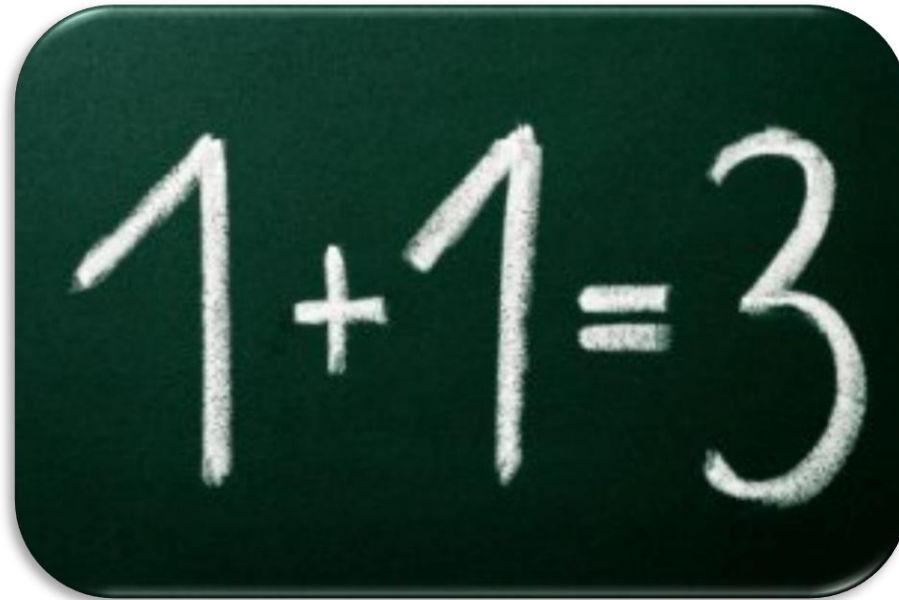
- ❑ Incorrect spelling of name



Common in Preparing Tax>Returns



- ❑ Making math errors



Common in Preparing Tax>Returns



☐ Forgot to sign



Common in Preparing Tax>Returns



- ☐ Selecting the wrong status



Common in Preparing Tax>Returns



☐ Not claiming credits and deductions



Common in Preparing Tax>Returns



- ❑ Failing to include every last cent of income



Common in Preparing Tax>Returns



- ☐ Sending the return through the mail



Common in Preparing Tax>Returns



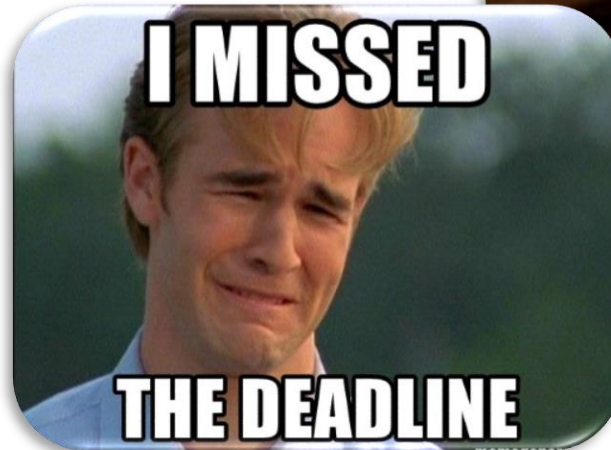
❑ Not filing taxes



Common in Preparing Tax>Returns



❑ Missing the IRS
deadline

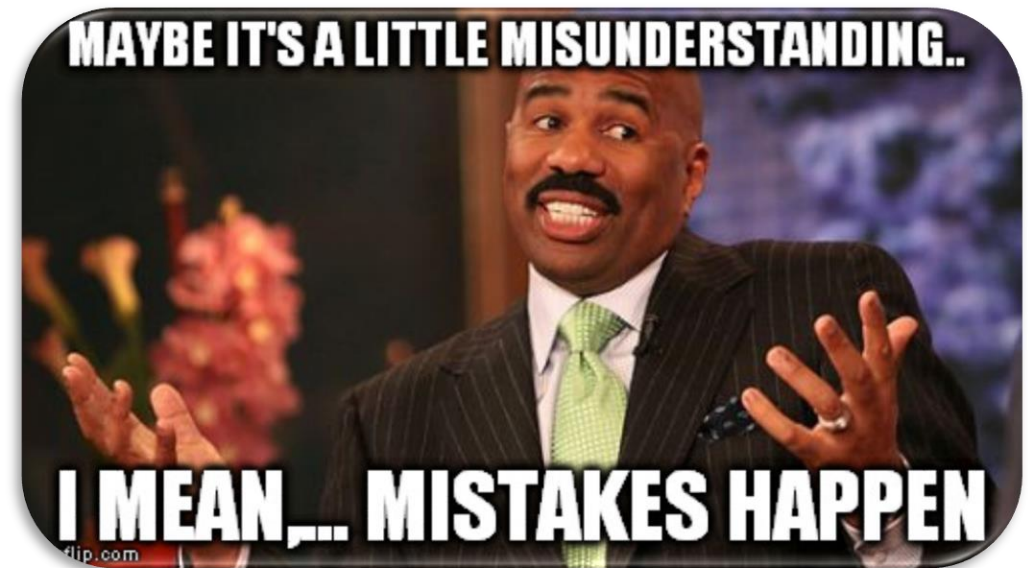


Common in Preparing Tax>Returns



❑ Misunderstanding extension rule

Note: an extension is extension on the return not on the payment



Common in Small Businesses Tax

- ☐ Incorrectly reporting income
- ☐ Missing out on deduction
- ☐ Incorrectly reporting income
- ☐ Filing and paying taxes late
- ☐ Mistake with employee's status



Common in Estate Planning

- ☐ Lump-sum distributions from retirement plans
- ☐ Missing deadline
- ☐ Not communicating with heirs
- ☐ Commingling of funds
- ☐ Estates with complicated assets
- ☐ Family disputes and will contests

Overview

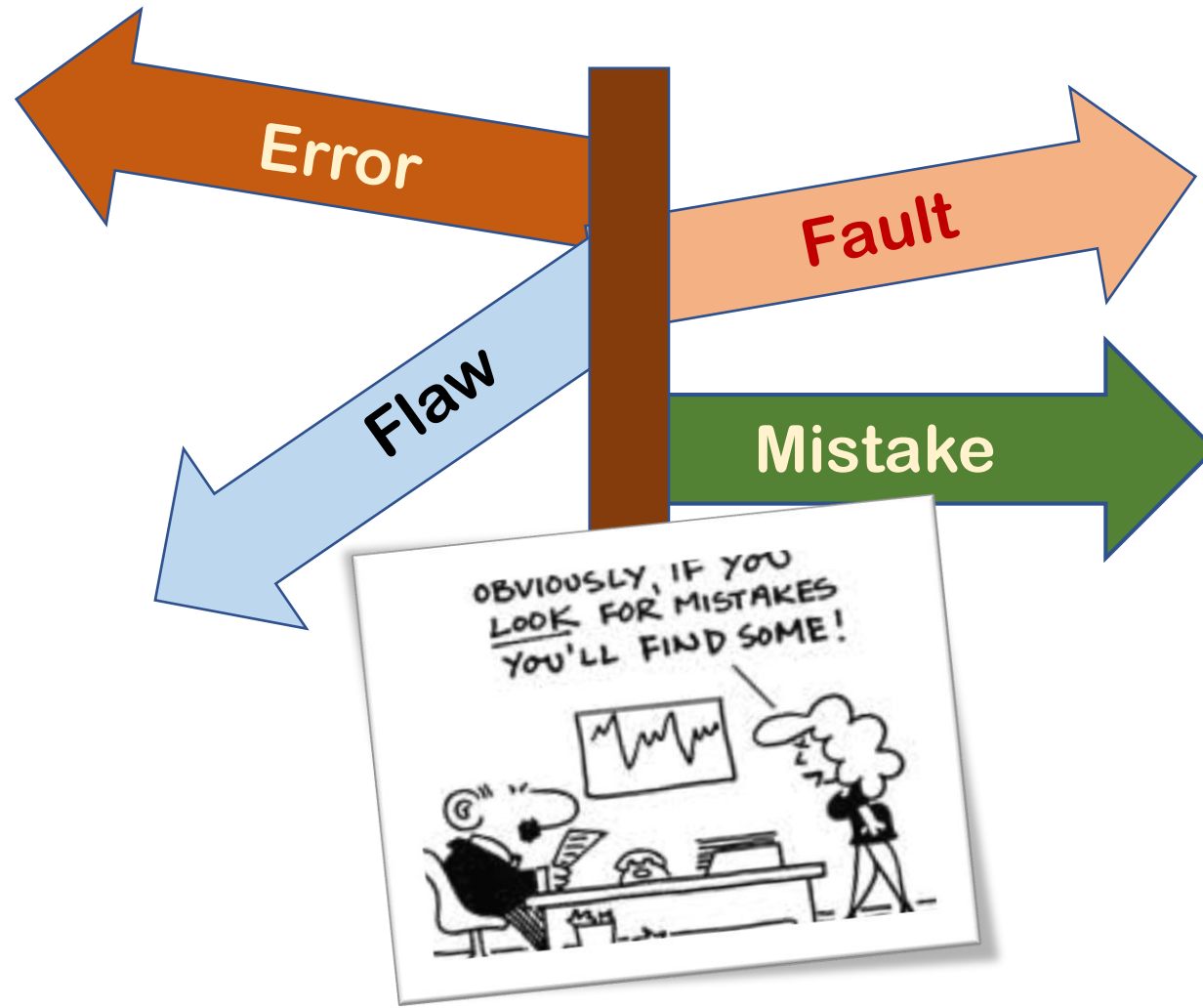
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What to avoid?





Avoiding Errors

☐ File taxes

- Even if client doesn't owe money
- Consider the statute of limitation (SOL)
- Expecting refund





Avoiding Errors

❑ Record Keeping

- Paper receipts
- Portable Scanning
- Expecting refund





Avoiding Errors

- ❑ Keep up with the news
 - New tax laws





Avoiding Errors

☐ Know the filing status

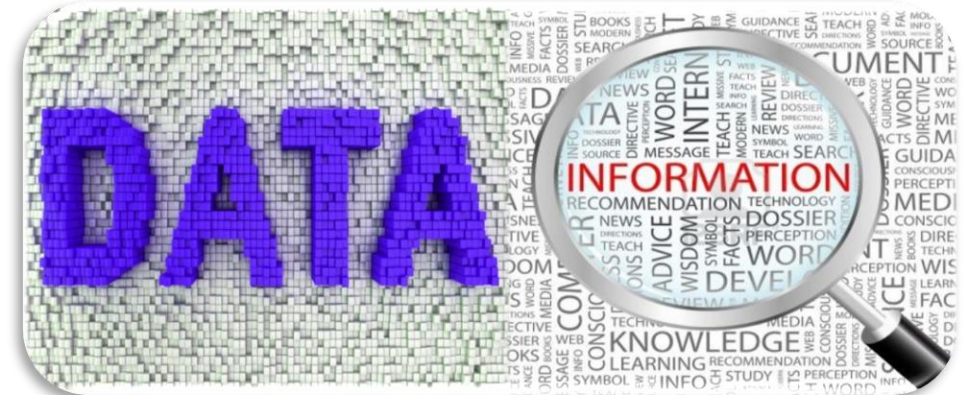
- Head of household
 - ✓ Single
 - ✓ Married
- Pay more than 50% of your household expenses
- Dependent



Avoiding Errors

☐ Get the data right

- Use the exact numbers that appear on the W-2, 1099, other
- Exact name that appears on the Social Security Card





Avoiding Errors

☐ Extra income

- Virtually all income is taxable.
- Report it even if someone just gave the client \$50 in cash



Comments, Questions, & Suggestions



Thank You!

