



Robert W. Wood
THE TAX LAWYER

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Savvy New Year's Resolutions IRS Hopes You Won't Keep

Making and keeping New Year's resolutions is tough. Yet some resolutions about taxes aren't hard to keep and could fatten your wallet in 2014. They could even have a spillover effect into the future. Here are 9 to consider:

1. I Will Read Tax Documents Before Signing. Don't [Robo-Sign Tax Returns](#). You sign tax returns under the penalties of perjury, so be careful.

2. I Will Pay Attention to Each Form 1099. It's almost time for these little tax reports to show up in your mail, so get ready. Each one bears your Social Security Number and will be matched to your tax return. Pay attention to them—the IRS sure does.

3. I Will Consider Taxes Before Signing Agreements. Leases, purchase agreements, settlement agreements, employment agreements, independent contractor agreements, and more. You name it, they have tax consequences. They needn't be mega-transactions for the tax dollars to be significant. Consider taxes *before* signing, since that's when you can still affect changes.



4. I Will Defer Income and Taxes. Timing matters. A fundamental idea of tax planning is to defer income into the future, delay paying taxes when possible, and to accelerate deductions. Tax payments should normally not be prepaid. There are situations in which it's appropriate to break this resolution, but keep it as a general rule.

5. I Will Keep Good Records. Few people like keeping tax records, and playing catch up is the worst. Keep a copy of each signed contract, lease, invoice and receipt, checks, and the like. Good records make tax compliance and tax controversies vastly easier.

6. I Won't Fight Over Pennies. We all like to be right, but consider whether it makes sense to argue over small amounts with the IRS. Everyone has a different threshold for what amount is inconsequential. Don't invest time when inconsequential money is at stake. In some cases you can risk other issues arising.

7. I'll Deal With Notices Promptly. Many tax lawyers and accountants make more money because clients tend not to deal with things promptly. Often, tax professionals could achieve a better result if they were brought in earlier. For example, if you fail to respond to an [IRS 90 day letter](#), it's no longer possible to go to [Tax Court](#). Instead, you'll need to file a refund claim and then go to District Court or Claims Court.

8. I Will Keep Proof of Filing/Mailing. If timing is important—and it usually is—keep proof of mailing. If you need to be able to prove you mailed or filed something, send it certified, FedEx or other approved provider that proves timely mailing and receipt.

9. I Will Run Numbers. Just because you can claim a deduction doesn't mean you should. There may be no way to know if you're getting a tax benefit from a deduction without running numbers, whether you do your own return or have a preparer. Running multiple scenarios is especially helpful with [AMT](#).

Whatever resolutions you make, have a great year.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.