

IT IS TAX REPORTING TIME – Where do I start?



Step by Step

1. Locate last year's tax return copy if possible. If you don't have it, see help below.
2. Collect required information and end of life documents to facilitate you or your tax preparer to walk through this with you easily.
3. Collect income documents for you and your spouse.
4. Review your tax eligible deductible expenses (health care costs, charity donations, etc.) and see if they meet the threshold to declare or not. If you don't and many do not since 2017 tax law changes, then do not stress yourself to collect all those receipts for nothing.
5. Review IRS and other reference materials enclosed here if you plan to e-file yourself. It is highly recommended however that you utilize a CPA or tax prep service such as HR Block who offer free/discounted services to veterans and their families.
6. Complete the required tax forms by April 15 or request an extension if you need more time. [Here's how to file an extension with a video to walk you through it.](#) Important you do not need any specific reason to file an extension with the IRS. So do it!

Step 1: Locate last year's tax return copy if possible.

A Copy of **last year's federal and state (where applicable to your residence or work) tax returns** will provide a good guideline for what documents you will need. Review those documents.

TIP: If you don't know where they might be or don't have them, contact your tax attorney, CPA, or tax preparer such as HR Block for copies on file. Preparers will keep copies 3 years generally per tax guidelines.

If after your review, you are confused, or just cannot concentrate, or for any other reason you just want to throw your hands up, it might be best to talk with another family member and/or talk with a person who does tax preparation. See reference for tax assistance for veterans for free or reduced cost in Step 6. You do not have to do this alone.

Step 2: Collect required information and end of life documents to facilitate you or your tax preparer to walk through this with you easily.

Using your last year's tax folder as guide, begin to pull together the last year's documents. If you are working on this activity before January 31st... and do not have them all. That is OK. Since some documents are not sent or available online until January 31 – through March. You can check with your banker, investments counselor, etc. to see when they will be available. They will be happy to help.

Key information to have collected:

- a. Your spouse's full legal name
- b. SSN
- c. Date of death.
- d. Your spouse's death certificate *ask if copies will be OK, originals are expensive.
- e. Full name and SSN for any dependents (this includes children for whom you are still responsible, and elderly parent(s) for whom you are responsible).
https://apps.irs.gov/app/vita/content/globalmedia/overview_of_the_rules_for_claiming_4012.pdf
- f. Bank Account information where you will want your return check to go if not the same as last year.

Normally, you will find the following in the previous years' tax records:

- a. Your name exactly as it appears on your Social Security card
- b. Date of birth
- c. Social Security number
- d. Home address
- e. Copy of last year's federal and state tax returns
- f. Bank account number and routing number to receive your refund by direct deposit

Step 3 - Collect income documents for you and your spouse.

You might receive several different forms documenting the income you received in 2021. Some common ones include:

- a. W-2 from your employer(s) (This form will document any federal and/or state deductions made at the time of the payment issue. [See Deductions page 3.](#))
- b. 1099-INT, 1099-DIV, 1099-B for interest, dividends, and stock sales – the bank, investments or financial planner will send these.
 - a. These types of statements are due out to you no later than February 16th of each year. They may come by US Mail or electronically to your spouse's email. Be sure to have your spouse's passwords for access.
- c. 1099-R and SSA-1099 for retirement plan distributions and Social Security benefits – SSA will send this to you
- d. 1099-S for income from the sale of a residence or other property
- e. 1099-MISC for income from a rental property

- f. 1099-Q for distributions from a 529 plan or Coverdell ESA
- g. 1099-SA for distributions from a [health saving account](#) (HSA)
- h. Schedule K-1 for income from a [pass-through business](#), trust, or estate
- i. Alimony received (if your divorce or separation agreement is dated on or before December 31, 2018)
- j. Records of any transactions involving cryptocurrency
- k. Information on other sources of income, such as gambling winnings, jury duty pay, cancellation of debt, etc.
- l. Self-Employment and Business Records
- m. If you are self-employed, you need to report that income. You can also claim business expenses to lower your taxable income.
- n. 1099-NEC or 1099-K showing income earned as an independent contractor
- o. Records of all business income and expenses
 - 1) Documentation for [home office expenses](#), including square footage of home and square footage of area used exclusively for business
 - 2) Records for business assets to be depreciated, including cost and date placed in service
 - 3) Miles traveled for business purposes

TIP: Previous tax returns / reporting documents will serve as a guideline for you. If your spouse changed jobs in the last year or worked as independent contractor for the first time, expect to have a record of some type from each employer for that tax year.

Step 4: Review your tax eligible deductible expenses before you collect receipts.

STOP! Before you start collecting receipts, DO YOU HAVE ENOUGH TO TAKE DEDUCTIONS on your return?? Do a rough count of eligible expenses and see if you qualify or if the standard deduction is higher for you. Rules changed in 2017 on this.

Reference page 24-25 of the [IRS Standard Deductions Rules](#). For more details on the specifics of **Tax Deduction Rules for Medical/Dental**, please see this [article](#) as well. The key point on medical expense deductions is that you may deduct only the amount of your total medical expenses that exceed 7.5% of your adjusted gross income. You figure the amount you're allowed to deduct on Schedule A (Form 1040).

If you think your rough count of deductible expenses qualifies, then collecting receipts is a good use of your time and energy because these deductions can reduce your taxable income, lowering the amount of tax you owe or increasing your refund. If you are not sure, you can simply claim the standard deduction, which is a flat amount based on your filing status, or itemize deductions.

If you choose to itemize deductions, you will need information, copies, statements, or receipts for one or more of the following:

- a. Death Certificate which can be mailed to the IRS with your tax return
- b. Retirement account contributions – you can deduct contributions to an IRA.
- c. Out-of-pocket medical expenses
- d. Premiums paid for long-term care insurance
- e. Form 1098 showing any mortgage interest, mortgage insurance premiums, and points you paid during the tax year
- f. Real estate taxes
- g. State and local income taxes or sales taxes
- h. Any Estimated tax payments if you file quarterly taxes
- i. Taxes paid with your vehicle registration
- j. [Charitable donations](#)
- k. Documentation of casualty losses (if you lived or owned property in a federally declared disaster area)

If you have any of the following items, known as ADJUSTMENTS to INCOME, you can claim them even if you do not itemize.

- 1) Form 1098-E for student loan interest
- 2) Records of contributions to an HSA, IRA, SEP, or self-employed retirement plan
- 3) Alimony paid (for divorce or separation agreements dated on or before December 31, 2018)

Note: Arizona Revised Statute Section 25-327(B) provides as follows: Unless otherwise agreed in writing or expressly provided in the decree, **the obligation to pay future maintenance is terminated on the death of either party or the remarriage of the party receiving maintenance.** ****Please check with your attorney or CPA concerning current regulations in your state of residency*

- 4) For teachers, expenses paid for classroom supplies
- 5) Premiums paid for self-employed health insurance

6) Tax Credits

- i. Tax credits are a dollar-for-dollar reduction in the amount of tax you owe. Generally, you'll need the following documentation to claim potentially valuable tax credits.
- ii. Form 1098-T showing expenses for higher education
- iii. Childcare costs and care provider's name, address, and tax identification number
- iv. Adoption costs and Social Security number child you legally adopted during 2021
- v. Form 1095-A if you purchase health insurance through the Health Insurance Marketplace

Step 5: Review IRS and other reference materials enclosed here if you plan to E-file yourself for the appropriate forms and steps you need to take now that you have your documents and information collected.

Consider carefully filing yourself vs. asking for help. In as much as you are handling, not only the household accounts and services, your own grieving, your family's and friends' grief, it is **highly recommended** that you utilize a CPA or tax prep service such as HR Block who may offer free/discounted services to veterans and their families instead of struggling through this process yourself.

Tax Filing References and Checklists

- ✓ [HR Block site page – I have a question about filing taxes for a deceased spouse. What should I do?](#)
- ✓ [HR Block Check List Page – My Spouse Passed Away This Year. What do I need to do?](#)
- ✓ [IRS Page – Surviving Spouse / Decedents](#)
- ✓ [Forbes Tax Preparation Guidelines. February 11, 2022](#)
- ✓ Book - [ABA/AARP Checklist for Family Survivors: A Guide to Practical and Legal Matters When Someone You Love Dies](#) Award Winning Book - Considered the best and definitive book on the subject by American Bar Association and AARP.
- ✓ **Book - [Get It Together: Organize Your Records So Your Family Won't Have To Ninth Edition](#)** Designed to be proactive, but has good checklists and printables online included.

Get Free E-Filing or Free/Discounted Tax Assistance

- [Turbo Tax Online Free E-File for Federal and State](#)
- [National Disability Institute](#) - Department of Veterans Affairs has committed to promoting free tax preparation option to Veterans and their families through a Memorandum of Understanding with the IRS, naming NDI as a partner in this endeavor.
- [Veteran's Affairs](#)
- [IRS Free File Providers](#)
- [Military OneSource](#) Dept of Defense Tax Benefits. Federal and up to 3 states filed for free.
- [Military.com](#) Free and Discounted Tax Preparation for Military

Step 6: Complete the required tax forms by April 15 or request an extension if you need more time for literally any reason.

[Here's how to file an extension and a video to walk you through it.](#) Important: you **do not** need any specific reason or permission to file an extension with the IRS. Extension Form is [Form 4868](#).

Final Thoughts...

AFTER you get a handle on your taxes, and are following through on notifications of businesses services (such as landscaper, gas, electric, pool service, housekeeping, etc.), that may have used your spouse's credit cards or have banking accounts that 'auto-pay' (etc.) – **RETAIN YOUR SPOUSE'S CELL PHONE and all email address and passwords to those emails**, until you are comfortable that all services, including banking and investments that may use your spouse's cell phone for account access verification codes have switched to yours. **then** discontinue your spouse's cell phone account.

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- AARP, Leanne Potts, AARP, June 11, 2020

IMPORTANT: This document (IT IS TAX REPORTING TIME)'s information (Pages 1-5) has been prepared as a beginning guideline only by a non-tax preparation and non-attorney individual. CHECK with your own tax counselor on your current state tax requirements and current IRS regulations.