**What do I do if I receive a notice from the IRS about my taxes?**

Don't panic! the first thing to do is carefully read the notice - to determine why it was sent, what the IRS is requesting, and what they want you to do. It may be nothing of importance; it may even be a notice in your favor. After reading it you should bring it to our attention.

**How do I find out about my refund?**

The best way is to use the Check Your Refund link from the Resources pages of our website! To look up the status of your federal or state refund, you will need your social security number, filing status, and exact amount you're expecting back.

**How long do I keep my records and tax returns?**

You should keep your records and tax returns for at least 3 years from the date the return was filed or the date the return was required to be filed, whichever is later. It is recommended that you keep these records longer if possible.

**Can I deduct expenses for a business run out of my home?**

If you use a portion of your home for business purposes, you may be able to take a home office deduction whether you are self-employed or an employee. Expenses you may be able to deduct for business use of your home may include the business portion of real estate taxes, mortgage interest, rent, utilities, insurance, depreciation, painting, and repairs.

**You can claim this deduction only if you use a part of your home regularly and exclusively:**

* As your principal place of business for any trade or business.
* As a place to meet or deal with your patients, clients or customers in the normal course of your trade or business.

Generally, the amount you can deduct depends on the percentage of your home that you used for business. Your deduction will be limited if your gross income from your business is less than your total business expenses.

**What is the difference between a C and an S corporation?**

A C Corporation and an S Corporation are exactly the same in respect to liability protection. The difference is in how you are taxed. A C Corporation has what is referred to as a double taxation. First the corporation is taxed, and secondly the dividends are taxed on the shareholders' tax returns. An S Corporation is not taxed at the corporate level, only at the shareholder level. Most small businesses are eligible to file as S corporations. But the appropriate election must be made.

**What are the consequences of early withdrawals from my retirement plans?**

If you withdraw money from a 401(k) or an IRA before age 59 1/2, the distribution is taxable and there is a 10% penalty on the taxable amount. The main exceptions that let you withdraw money early without penalty are as follows:

* Qualified retirement plan distributions if you separated from service in or after the year you reach age 55 (does not apply to IRAs).
* Distributions made as a part of a series of substantially equal periodic payments (made at least annually) for your life or the joint lives of you and your designated beneficiary.
* Distributions due to total and permanent disability.
* Distributions due to death (does not apply to modified endowment contracts)
* Qualified retirement plan distributions up to (1) the amount you paid for unreimbursed medical expenses during the year minus (2) 7.5% of your adjusted gross income for the year.
* IRA distributions made to unemployed individuals for health insurance premiums.
* IRA distributions made for higher education expenses.
* IRA distributions made for the purchase of a first home (up to $10,000).
* Distributions due to an IRS levy on the qualified retirement plan.
* Qualified distributions to reservists while serving on active duty for at least 180 days.

**What do I need to keep for my charitable contributions?**

**First, is your contribution cash or non-cash?**

* If you make a cash donation, you must have a bank record or written communication from the charity showing the name of the charity and the amount of the donation. A bank record can be the cancelled check or a statement from a bank or credit union - so long as it lists the charity's name, the date, and the amount of the contribution. Personal records such as bank registers, diaries and notes are no longer considered acceptable proof of contributions.
* Any used items (such as clothing, linens, appliances, etc.) must be in good condition and may only be deducted at the price you could reasonably ask for the item in used condition. For contributions worth $250 or more, you must have a written receipt or letter from the organization. For contributions worth $500 or more, you must file Form 8283 (Noncash Charitable Contributions) and attach it to your Form 1040.

**Remeber all contributions must be made to qualified charitable organizations.**

**If I donate my vehicle to charity, how much can I deduct on my tax return?**

In the past there were a lot of charities asking you to donate your car, and there were a lot overinflated appraisals of the fair market value for these vehicles. But recently the IRS has gotten stricter on the way you determine the value of your car. Now you must claim the actual amount the charity received at an auction to sell the car, and the charity should give you timely acknowledgment to claim the deduction. If the vehicle is actually used by the charity instead of sold at auction, then you may claim the vehicle's fair market value.

**What are the differences between a Roth and a conventional IRA?**

A traditional IRA lets you deduct contributions in the year you make them, and the distributions are included as income on your return when you withdraw from the IRA after reaching age 59 1/2. A Roth IRA does not let you deduct the contributions, but you also do not report the distributions as income, no matter how much the Roth account has appreciated. With a Roth, you can exclude the income earned in the account from being taxed.