

Quicken SIG Notes – January 27, 2004

Tax Preparation Time

Categories:

Quicken can be very helpful at tax time each year. And January is a good time to start rounding up the data you will need to complete your taxes, whether you do them yourself or with the help of a tax preparer. If you have entered all of your transactions into Quicken for the prior tax year, and that is 2003 in this case, you can selectively output reports that document taxable transactions and summarize taxable expenses for the year.

The first thing to do is a quick review of your Category List. Select **Tools > Category List** from the menu. Then review the list of income and expense categories focusing on the tax characteristics of each category as shown in the Tax Line Item column on the far right.

Category List			Report Print Options ▾	
Category	Type	Description	Tax	Tax Line Item
Salary	Income	Salary Income	✓	W-2:Salary or wages, self
Holiday	Sub	Paid Holiday	✓	W-2:Salary or wages, self
Sick Pay	Sub	Paid Sick Days	✓	W-2:Salary or wages, self
Vacation	Sub	Paid Vacation	✓	W-2:Salary or wages, self

Category List

To assist you in any revised designation of tax categories, from the Category List, select **Options > Show Tax Line Item Assignment** (in older versions of Quicken, you may have to edit an individual category to select a new taxable designation). After you highlight an individual category, you will see its tax category identification.

Tax Line Item Assignment			
Auto	Expense	Automobile Expenses	Mandatory Expenses
Fuel	Sub	Auto Fuel	Mandatory Expenses
Insurance	Sub	Auto Insurance	Mandatory Expenses
Loan	Sub	Auto Loan	Mandatory Expenses
Registration	Sub	Auto Registration	Mandatory Expenses
Service	Sub	Auto Service	Mandatory Expenses

[Audit my Tax Categories.](#) [Why do I need Tax Line Items?](#)

Category:

Tax Item:

Standard List Extended List

Taxes based on the value of the personal property and charged on a yearly basis. Most common is the auto registration fee charged by the DMV. All or part of the fee that represents a charge based on the value of the vehicle is deductible.

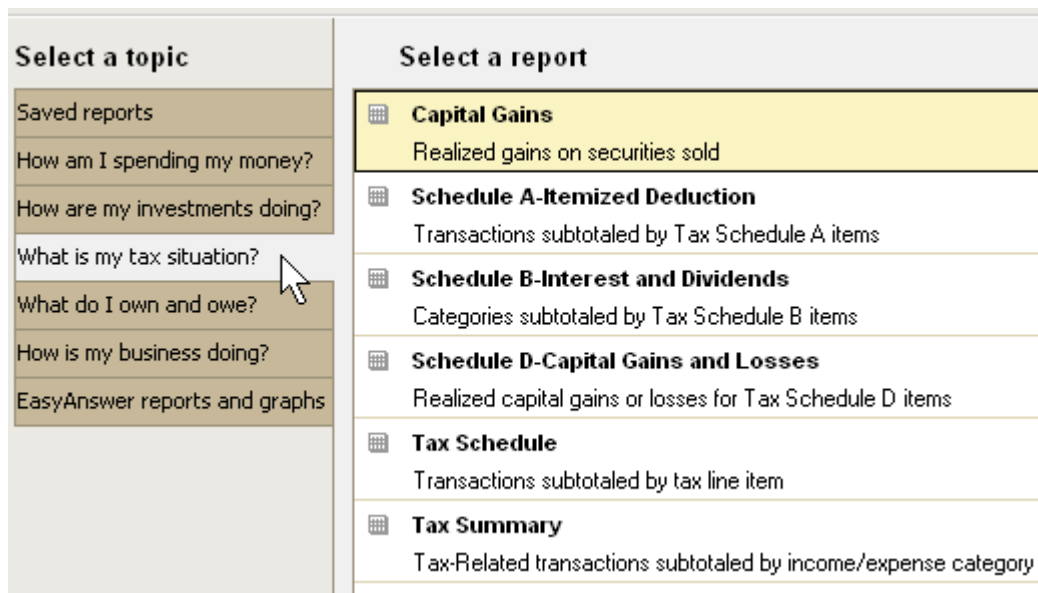
Tax Line Item Assignment

Review all of your categories that you have used in the past year and recheck the tax line item assignments for those categories. Then you are ready to generate tax reports for the past year. Now, if you have one of

the later versions of Quicken, you will notice that Intuit has provided an extensive list of categories for your use. In fact, there are probably so many categories that it is confusing. If so, then this is an indicator that it is time to review your category list and delete categories that you will probably never use. Like the ones that keep track of employee stock option income, and spouse bonuses. Let's face it, if you are retired and not receiving those incomes now, you will not need those categories. Just remember, you can always add categories later that do fit your situation.

Tax Reports:

Now that your categories are correctly identified with respect to taxes, it is time to output the data. I recommend trying the output in two formats: Tax Summary Report and Tax Schedule Report. I can never remember the difference between these two, so to help myself I select **Reports > Reports and Graphs**. Then I select **What is my tax situation?** from the left column. This helps clarify that a Tax Schedule report groups tax-related transactions according to the tax line item from the Federal Income Tax forms, and a Tax Summary report groups things according to income and expense categories.



Tax Related Reports

Be cautioned, however, that reports for Schedule A, B and D are only available in the Premier version of Quicken 2004. First highlight **Tax Schedule**, and then change the Date range to **Last Year** to produce a report with 2003 tax data. Then click on **the Show Report** icon. If you get a very short report with this year's data, you need to go back and select the **Last Year** option under the Date range area.

By this time of year, barring a few outstanding 1099's from dividends and interest, I have usually entered all of my data that I know about into my Quicken data set for last year. So I recommend printing out a copy of your **Tax Schedule** report. In a similar manner, select and print a copy of your **Tax Summary** report. Then review your two reports, one at a time, and give them a sanity check. Do they really include all your taxable events for last year? Or did you forget that you received some income from an insurance company, for example, and you forgot to include and properly categorize it. Update your categories and transactions. Then you are ready for tax time.

Article by John Durrett
jcdurrett@robsoncom.net