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IRS New Year's Resolutions

Some of us have trouble making New Year's resolutions, dithering about appropriate subjects, whether we're aiming too high, not high enough, etc. If you need proof it's OK not to aim too high, consider [Ozzy Osbourne](#): "I'm still alive, so I would say that I was successful with my one resolution last year."

Whether you dither or are definitive, it's not too late to make some resolutions, and tax resolutions are a perfect subject. Here are some that shouldn't be too hard to keep and that could make a difference in your tax posture this year. And since there can be long-term effects from tax steps, these resolutions can not only benefit you this year but can have a spillover effect into the future.

1. I Will Read All Tax Documents Before Signing. Put another way, [Don't Robo-Sign Tax Returns](#). The Robo-signing phrase may have become popular during the foreclosure flap, but it applies to tax returns and other documents too. Don't do it. If you are signing something under the penalties of perjury, you should read it.

2. I Will Collect and Pay Attention to Every Form 1099. These are important slips of paper, and their importance is arguably [increasing](#). It's almost time for the ubiquitous tax reports to show up in your mail, so get ready. See [Ten Things You Should Know About 1099s](#). Since each one bears your Social Security Number, it will be matched to your tax return. Pay attention to these forms. See [Three Tax Mistakes You Make Every Day](#).

3. Before Signing Significant Agreements, I Will Consider Taxes. Most agreements you might sign in business have a tax angle. Settlement agreements resolving litigation are a good example, but there are many others. A purchase agreement for a company, a lease agreement for new office space, an option agreement to buy a piece of property, or a license agreement to allow someone to use your property all can have a tax impact. 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 Pay No Tax Before Its Time. This may sound corny, like the old TV commercials for Paul Masson Wine, with [Orson Welles](#) intoning gravely, "We will sell no wine before its time." Timing matters. A fundamental idea of tax planning is to defer income into the future and to accelerate deductions. Tax payments should normally not be prepaid. See [How Much Is The Government Making Off You?](#) There are situations in which it's appropriate to break this resolution, but keep it as a general rule.

5. I Will Consider Taxes Before Hiring an "Independent Contractor." Few consumers consider whether the plumber you pay to do a one time task is an employee or independent contractor. But if you're in business and you have continuing relationships with workers whom you pay with no tax withholding, consider whether the relationship will stand up. See [10 Reasons to Worry About Worker Status Disputes](#). 2011 may be a big year for reform of this area. See [White House On Contractor Vs. Employee: There Will Be Blood](#).

6. I Will Document Everything I Can and Keep Good Records. Few people like keeping tax records. It can be difficult to keep a copy of each signed contract or lease, invoices and receipts, transmittals of checks, and the like. But good records make any tax matter, whether it's simply tax compliance or a tax controversy, vastly easier. See [Three Tax Mistakes You Make Every Day](#). Plus, if you are fortunate enough to be wealthy, but unfortunate enough to end up in a Rich Squad tax audit, good records are a must. See [Richie Rich Tax Audits](#).

7. I Won't Dispute Inconsequential Tax Matters. We all like to be right, but consider whether it makes sense to argue over a few dollars

with the IRS even if you are. See [Ten Ways To Audit Proof Your Tax Return](#). Everyone has a different threshold for what amount is inconsequential, but is it worth it to write letters and invest time when inconsequential money is at stake? Usually no. See [Ten Things To Know About Fighting An IRS Bill](#). Plus, in some cases you can risk other issues arising. See [Received An IRS Notice? 10 Simple Tips](#).

8. If I Get a Tax Notice, I'll Deal With It 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 rather than later. To take an extreme example, if you fail to respond to an [IRS 90 day letter](#) and miss the 90 day deadline, 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. See [Received An IRS Notice? 10 Simple Tips](#).

9. I Will Keep Proof of Mailing. If you send something and timing is important, keep proof of mailing. We all have different definitions of what's important. But if you absolutely positively need to be able to prove you sent it and when you did, send it certified, FedEx or other approved provider that proves timely mailing and receipt. See [Ten Things To Know About Fighting An IRS Bill](#).

10. I Will Run Numbers. Just because you can claim a deduction doesn't mean you should. Take home office deductions, for example. Often, there's no way to know if you're getting a tax benefit from a deduction (or other tax item) without running numbers. Whether you do your own return or have a preparer, it is a simple matter to run sample returns. You can run multiple scenarios, which is especially helpful with [AMT](#). See [The Only Good Legal Fees Are Tax Deductible Legal Fees](#). Running numbers simply lets you and your tax professionals make better and more informed decisions.

Whatever tax or other resolutions you make, have a great year.

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