

2021 Individual Income Tax Return Checklist

Form 1040 (Mini)

Client name and number _____

Prepared by _____ Date _____ Reviewed by _____ Date _____

100) General	Yes/ Done	No/ N/A	110) Did the taxpayer receive economic impact payment(s) (often referred to as a recovery rebate) in 2021? If so, determine the amount of economic impact payment(s) received to help you calculate any recovery rebate credit. Note that if the calculated recovery rebate is less than the payment received, no adjustment is necessary.	Yes/ Done	No/ N/A
▶ 101) Obtain a signed engagement letter.					
▶ 102) Consider asking the taxpayer to sign the appropriate authorization form (e.g., Form 2848 or Form 8821).					
▶ 103) Ask the taxpayer to provide any correspondence, to or from the IRS or a state tax authority.					
▶ 104) Consider requesting transcript(s) from the IRS.					
▶ 105) Review the prior year's return and note the amount, source and character of any carryforwards.					
▶ 106) Review the proforma or organizer for accuracy.					
▶ 107) Confirm the taxpayer's name, mailing address, email address, phone, birth date, Social Security number and occupation and filing status; note any updates. Note additional due diligence requirements if head of household status is claimed (Form 8867).					
▶ 108) Confirm dependents for the purposes of the child tax credit/credit for non-child dependents. Note additional due diligence requirements, if applicable (Form 8867). If the dependent completed and filed his or her own tax return, confirm that the return indicates that someone can claim him or her as a dependent. Determine the amount of any advance child tax credit payments received.					
▶ 109) Did the taxpayer receive, sell, exchange or otherwise dispose of any financial interest in any virtual currency/cryptocurrency during the year? If so, make sure the box on Form 1040, page 1, is checked and consider the tax consequences of all transactions.					
			200) Income	Yes/ Done	No/ N/A
			▶ 201) Request all Forms W-2 received by the taxpayer. Inquire about any Forms W-2G received by the taxpayer. Consider whether the taxpayer paid excess Social Security withholding for 2021.		
			▶ 202) Request all Forms 1099-INT, 1099-OID and 1099-DIV received by the taxpayer. Compare sources of investment income to the prior year.		
			▶ 203) Request all Forms 1099-B received by the taxpayer. Consider the holding period, basis, short sale and wash sale rules. Consider whether any securities became worthless during 2021.		
			▶ 204) Request the Closing Disclosure for any purchases or sales of real property. Request any Forms 1099-S received by the taxpayer.		
			▶ 205) For sales or other dispositions of property, consider the holding period, depreciation recapture and realized gain. Were there any sales of tangible property in 2021? If so, request the necessary information.		
			▶ 206) For each rental property, request a description of the type and location of property and the total rent received. Also, request expense amounts for each category. For residential property, consider the number of personal-use days (if any) and rental days. Consider whether the activity is considered a trade or business and whether the Sec. 199A deduction applies.		

	Yes/ Done	No/ N/A		Yes/ Done	No/ N/A
▶ 207) For rental or other business activities, did the taxpayer make any payments during 2021 that would require him or her to file Forms 1099? If so, have Forms 1099 been filed?			3. Revenue from an activity that does not meet the for-profit activity rules of Sec. 183?		
▶ 208) Request any Schedules K-1, K-2 or K-3 received by the taxpayer. Calculate or request the taxpayer’s basis with respect to each Schedule K-1 source. Consider passive activity rules, at-risk limitations, grouping activities and qualified business income (QBI) attributable to each activity.			4. Scholarships, fellowships or grants?		
▶ 209) For Schedule C businesses, request the following: employer identification number (if any), business name, principal business, business address, accounting method and inventory method (if any), gross receipts and expenses. Consider health insurance costs, whether the taxpayer meets the standards for for-profit activities under the Sec. 183 hobby loss rules, whether the business is considered a specified service business under the Sec. 199A rules and the applicability of the home office deduction.			5. Disability payments?		
▶ 210) Did the taxpayer receive funds from the Paycheck Protection Program (PPP) during the taxable year? If so, was any of the loan considered forgiven in 2021? A statement, including the amount of tax-exempt income from forgiveness and the date of forgiveness, should be attached to the return.			6. Payments from a former spouse?		
▶ 211) If the taxpayer deferred payment of 50% of the Social Security tax on net earnings from self-employment income for the period from March 27, 2020 through Dec. 31, 2020, confirm that at least 50% of the deferred amount was paid by Dec. 31, 2021.			7. Unemployment compensation (note that the exclusion available for 2020 does not apply in 2021)?		
▶ 212) Did the taxpayer acquire or improve any business property or make any leasehold improvements in 2021? If so, determine the necessary information. Consider capitalization, methods/lives, Sec. 168(k) depreciation, Sec. 179 and the repair regulations of Sec. 263.			300) Deductions and losses		
▶ 213) Request Forms 1099-R and Forms SSA-1099 received by the taxpayer. Consider minimum required distributions, early distributions and exceptions, rollovers and whether a distribution from an IRA was made directly to a charitable organization. Prepare Form 5329 as applicable.			▶ 301) Did the taxpayer have any QBI as defined by Sec. 199A (from Schedules C or E)? If so, determine whether the trade or business is a specified service business. Calculate the taxpayer’s Sec. 199A deduction, if applicable.	Yes/ Done	No/ N/A
▶ 214) Request any Forms 1099-Q, 1099-LTC and/or 1099-SA received by the taxpayer. Confirm that any distributions were used to pay for qualifying expenditures.			▶ 302) Request the total and non-personal mileage for 2021 for all automobiles broken down by type of activity. Request expenses associated with the business use of automobiles, if applicable. Consider leased vehicle usage.		
▶ 215) Inquire if any of the following were received by the taxpayer in 2021:			▶ 303) With respect to retirement contributions, consider the type of plan held by the taxpayer and determine the total amount contributed for 2021. Consider recharacterizations as applicable.		
1. Gambling winnings/losses?			▶ 304) Consider whether any of the following apply for 2021:		
2. Damage or injury awards?			1. Alimony paid or received?		
			2. “Eligible educator” expenses		
			3. Tuition and fees paid for the taxpayer, spouse or dependents		
			4. Contributions to a health savings account?		
			5. Student loan interest?		
			6. Nondeductible entertainment paid by a Schedule C or E business?		
			▶ 305) Request the amount the taxpayer paid for medical expenses (including insurance premiums) for the taxpayer, dependents and persons who would be dependents had they met the income test.		
			▶ 306) Qualified mortgage interest: Request all Forms 1098 and determine if interest paid is qualified residence interest. Consider limitations, home equity indebtedness and points paid on the original purchase and refinance of debt.		

	Yes/ Done	No/ N/A
▶ 307) Did the taxpayer pay any interest on loans related to business activities, rental properties or investments? If so, request the amount of interest traceable to loan proceeds used for these activities.		
▶ 308) Taxes paid: Request the amounts paid in 2021 for the following: estimated state and municipal income taxes, state and local general sales taxes (either actual taxes paid or the amount from optional tables shown in the instructions to Schedule A, Form 1040), real estate taxes and personal property taxes. Note that the deduction for non-business state and local taxes (or sales tax in lieu of income taxes) and property tax is limited to \$10,000 (\$5,000 for married taxpayers filing separately).		
▶ 309) Charitable contributions: Did the taxpayer make any cash contributions to charitable organizations in 2021? If so, request the following: the total dollar amount contributed, the name of the charities to which the contribution was made and the date of the contribution. Consider the percentage deduction limitations, contribution carryovers and confirm the proper substantiation is obtained. Note that up to \$300 of qualified cash charitable contributions (\$600 on a joint return) can be claimed as a deduction in 2021.		
▶ 310) Did the taxpayer make any property contributions to charitable organizations in 2021? If so, obtain the necessary information to prepare Form 8283 as applicable.		

400) Credits	Yes/ Done	No/ N/A
▶ 401) Consider whether the following credits apply:		
1. Child and dependent care credit?		
2. American opportunity tax credit*?		
3. Earned income tax credit*?		
4. Child tax credit, including the additional child tax credit*?		
5. Credit for other dependents*?		
6. Foreign tax credit?		
7. Minimum tax credit?		
8. Sick and/or family leave credit for self-employed individuals or those with household employees?		
9. Other applicable credits?		
* Consider the potential additional preparer due diligence requirements/Form 8867. Confirm advance child credit payments received in 2021, if any.		

500) Additional taxes	Yes/ Done	No/ N/A
▶ 501) Consider whether any of the following apply:		
1. Cash wage payments to a household employee of \$2,300 or more in 2021 or \$1,000 or more in any calendar quarter? If so, prepare Schedule H.		
2. Earned income above \$200,000 (\$250,000 for married couples filing jointly and \$125,000 for married couples filing separately)? If so, consider the additional .9% Medicare tax.		
3. Net investment income? If so, determine the applicability of the 3.8% net investment income tax.		
4. Self-employment income? If so, calculate self-employment tax and consider the self-employed health insurance deduction.		
▶ 502) Determine any AMT differences related to the following: dispositions of property, depreciation, passive activities, loss limitations, qualified housing interest, incentive stock option exercise, excludable gain from Sec. 1202 stock or other differences.		

600) Tax payments	Yes/ Done	No/ N/A
▶ 601) Request the date and amount of any 2021 estimated tax payments.		
▶ 602) For extended returns, confirm that the extension payment has been properly reflected on the return.		
▶ 603) Based on discussions with the taxpayer, determine the taxpayer's need to make estimated tax payments for the forthcoming year		

700) Affordable Care Act (ACA) individual health insurance mandate	Yes/ Done	No/ N/A
Note that the Tax Cuts and Jobs Act reduces the individual shared responsibility payment (ISRP) to zero for tax years starting Jan. 1, 2019. However, the law still requires taxpayers to maintain MEC for the 2021 tax year. Also note that there could be a state requirement to maintain insurance coverage or be subject to a penalty.		
▶ 701) Did all members of the taxpayer's household maintain MEC for all months in 2021? Review documentation and consider whether the taxpayer is eligible for an exemption from health coverage.		

	Yes/ Done	No/ N/A
▶ 702) Did the taxpayer and/or members of their household purchase insurance through an Exchange? If so, determine whether the taxpayer is eligible for the premium tax credit (PTC) and consider if advance credit payments were received.		

800) Other issues	Yes/ Done	No/ N/A
▶ 801) Consider applicable elections. For taxpayers with rental or business activities, consider an election pursuant to the repair regulations of Sec. 263 and the safe harbor election to expense acquisition costs of materials, supplies and other tangible property.		
▶ 802) Consider direct deposit for refunds and automatic withdrawal for payments.		
▶ 803) Consider checking the box to allow the IRS to contact the preparer.		
▶ 804) Determine state and local filing requirements .		

900) Professional responsibilities and reminders	Yes/ Done	No/ N/A
▶ 901) Confirm that you/your firm have met all professional responsibilities as outlined in the AICPA Code of Professional Conduct, AICPA Statements on Standards for Tax Services and federal and state authorities, such as Circular 230. Consider potential conflicts of interest, preparer penalties and reminders to clients about their responsibility for the contents of the tax return.		
▶ 902) Internal processing procedures: <ul style="list-style-type: none"> • Reconcile source documents to completed return results. • Prepare filing instructions and a transmittal letter. • Confirm delivery instructions (portal, mail, pickup or delivery). 		
▶ 903) Provide your client with complete federal and state returns, including copies of any disclosure consent form(s) and advise your client to retain copies for at least six years.		

Comments/explanations

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