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I Hate Tax Time

For investors it can truly be a trying time. We buy and sell stock, bonds, ETFs and mutual funds with some years more active than others. We also earn dividends. We can have short term or long term capital gains or losses and if you bought and sold a MLP (Master Limited Partnership) your taxes may be different or none at all even in a tax free account such as an IRA.

The tax code is a mess and more so for investors, entrepreneurs and sole proprietorships.

Because of this morass of laws many custodians of your investment accounts send out multiple 1099s after the year end and before April 15 for the exact same account. They should only send you one but it is not that simple. For this reason I wait to file my taxes assuming I will get several corrected 1099s from various sources. You only use the final 1099 for each account you have for tax purposes. The others can be discarded.

Also, the tax code often changes in some way. If you have a very simple W-2 and 1099 income you can do your own taxes but beyond that you need an expert. If you own rental properties or if you have more than a couple types of investment accounts then I would suggest a CPA.

The tax code is not going to get simpler and as it is over 10,000 pages long I doubt anyone truly understands it even a CPA. It has been proven that there is a high probability of getting wrong answers from the IRS itself so do not rely on them either.

Do the best you can to file a fair and honest tax return using a professional if you need to and then don't worry about it.