

---

# Annual Tax Return Review SOP

---

This Standard Operating Procedure guides advisors through a thorough tax return review for each client. The goal is to uncover planning opportunities, identify items that may require follow-up, and document findings — all while staying clearly within the bounds of financial education rather than tax advice. Follow these steps in sequence and document all findings in your CRM and meeting agenda.

## DATA SECURITY — ALWAYS USE SECURE DOCUMENT TRANSFER

*Tax returns contain some of the most sensitive personal and financial data your clients will ever share with you. NEVER ask a client to email a tax return as a plain attachment. Always use a secure upload portal (e.g., ShareFile, SmartVault, Box) or encrypted email to collect and transmit tax documents. This applies in both directions — when you send any tax-related document back to the client, use the same secure channel. Document your firm's secure transfer method in your compliance procedures.*

## Part I – Document Collection, Holistiplan Review, Archiving

---

### PHASE A — DOCUMENT COLLECTION & HOLISTIPLAN SETUP

#### Send Secure Request to Client for Tax Return

*Send a personalized request via your secure client portal or encrypted email. Direct the client to upload their completed tax return, including all supporting schedules, through your firm's secure upload system — never via plain email attachment. Specify file format (PDF preferred) and your deadline.*

#### Receive Tax Return via Secure Channel & Upload to Holistiplan

*Confirm the return was received through your secure transfer method. Upload to Holistiplan immediately and confirm the document parsed correctly. Save the original file to the client's secure document vault.*

#### Create a New "CY 20XX Tax Base" Copy in Holistiplan

*Duplicate last year's Holistiplan scenario. Rename the copy to "CY 20XX Tax Base". Update the year, verify ages are correct for standard deduction purposes, and confirm the correct state is selected. Use this copy to model current year tax forecasting and planning scenarios.*

### PHASE B — HOLISTIPLAN ANALYSIS REVIEW

#### Review Holistiplan's Tax Report Observations

*Read through all observations generated by Holistiplan. Highlight actionable or concerning items that may warrant advisor follow-up or client discussion. Hide any observations that are not germane to this client's situation, to avoid confusion if sharing with client.*

#### Save a Copy of Tax Report in Client File

*Save a copy of the client's tax report in their file, in case you lose access to the program at a future date.*

## Part II - Detailed Tax Return Review

---

Work through the following checklist by reviewing the actual tax return line by line. For each item, your role is to identify observations, note questions for the client, and flag planning opportunities. Remember: you are providing financial education and planning context — not tax advice. Any items requiring formal tax guidance should be referred to the client's CPA or tax preparer.

## PHASE C — DETAILED TAX RETURN REVIEW

### Identity & Filing Basics

- Do names, SSNs, and address match your CRM data?
- Will filing status remain the same this year?
  - If so, and status is changing (e.g., death of spouse), consider whether it makes sense to accelerate income into the current year.
- Does the client have any dependents?
  - If so, are any aging out this year? Note impact on credits and deductions.

### Wages & Other Earned Income

- Is the client earning wages? Will this continue next year?
- Did the client have Schedule C income or loss?
  - If so, is the business ongoing and income-producing? Is income lumpy or consistent year-over-year?
- Did the client have any other earned income? Will it continue?

### Unearned Income

- Does the client have tax-exempt or taxable interest?
  - If so, does their choice of interest-bearing assets make sense given their tax situation?
- Does the client have excessive ordinary dividends?
  - If so, can this be mitigated through asset location strategies?
- Does the client report a child's dividends on their return (Kiddie Tax)?
  - If so, is that the most favorable treatment? Will it continue?

### Distributions, Pensions, Annuities & Social Security

- Did the client take IRA distributions?
  - If so, were they from accounts under your management? Is the taxable amount coded correctly, or should some be coded as rollovers or QCDs?
- Are pensions and annuities recorded correctly?
  - If so, were any coded as rollovers or Public Safety Officer income?
- Does Social Security income look correct?
- Did the client receive a lump-sum SSA payment for prior years?
  - If so, was it reviewed to determine the most favorable tax treatment?

### Capital Gains & Losses

- Was there a capital loss carryforward from last year?
  - If so, was it properly carried forward to reduce current year gains?
- Is there a capital loss carryforward this year?
  - If so, will it be used to offset current year gains or taken against ordinary income?
- Were there excessive capital gains from mutual funds held in taxable accounts?
  - If so, consider divesting these holdings or turning off automatic dividend reinvestment.

## Adjustments, Deductions & Credits

- Did the client have adjustments to income?
  - If so, are they correct? Are they one-time or will they recur?
- Did the client file using standard deduction or itemized?
  - If itemized, explore whether deduction bunching, DAF-funding, or other strategies could optimize future years.
- Is the client over age 70½ and making charitable contributions?
  - If so, explore Qualified Charitable Distributions (QCDs) as a potentially more favorable approach.
- Does the client have QBI (Qualified Business Income)?
  - If so, where is it flowing from? Is it expected next year?
- Does the client have Additional Taxes from Schedule 2?
  - If so, are any avoidable by reducing AGI this year?
- Did the client incur any penalties from Schedule 2?
  - If so, what was it for and is it correct? Does an exception apply?
- Does the client have Tax Credits from Schedule 3?
  - If so, are these one-time credits or expected to recur?

## Payments, Credits & Penalties

- Was withholding sufficient to cover the total tax liability?
  - If not, consider recommending an adjustment to withholding for the current year.
- Were estimated tax payments made?
  - If so, were they recorded properly? Will estimated payments be needed this year?
- Was Form 2210 used to annualize income and reduce interest/penalties from timing?
- Was any portion of last year's refund applied to this year's liability?

## IRS Identity & Preparer

- Does the client use an IRS PIN to file?
  - If so, why? Consider recommending an IRS Identity Protection PIN if not already in place.
- Did the client self-prepare or use a paid preparer?
  - If so, note for advisory context and relationship management.

## State Taxes

- Were any state-specific adjustments to income or deductions applied correctly?

## PHASE D — FOLLOW-UP ACTIONS

- Contact Client Immediately If Amendment May Be Required**
  - If any issues found may require a tax return amendment, contact the client immediately and refer them to their CPA or tax preparer. Do not advise on how to file the amendment — direct them to their tax professional.*
- Add Key Items to Next Meeting Agenda**
  - Add all actionable observations or items requiring client discussion to the agenda for the client's next scheduled meeting in your CRM.*
- Add Notes to CRM Documenting Findings**
  - Write a comprehensive note in the client's CRM record summarizing the review findings, items flagged, and any actions taken or referred.*
- Send Holistiplan Tax Report via Secure Channel**
  - Share the Holistiplan Tax Report with the client using your firm's secure document transfer method — not plain email. Be sure to include any items of note or follow up that may be recommended.*

## Advisor Helpful Hints

### EDUCATION, NOT ADVICE

Your role in a tax return review is to provide financial planning context and identify observations — not to render tax advice. Phrases like "You might want to ask your CPA about..." or "One thing worth discussing with your tax preparer is..." keep you in your lane and add value without crossing into tax practice. Never tell a client what to do with their tax return. Always refer formal tax questions to their CPA or enrolled agent.

### CHECK WITH YOUR COMPLIANCE DEPARTMENT

Before implementing this SOP firmwide, review it with your compliance department or compliance consultant. Your broker-dealer, RIA custodian, or state regulator may have specific requirements or restrictions around how tax reviews are documented, communicated to clients, and retained in your files. What is permissible for one firm may not be permissible for another. Your compliance team's guidance always supersedes this checklist.

### USE SOLID DISCLAIMERS ON EVERYTHING CLIENT-FACING

Any document, report, or summary shared with a client as part of a tax review should carry a clear, compliance-approved disclaimer stating that it is for informational and educational purposes only, does not constitute tax advice, and that the client should consult their tax professional for advice specific to their situation. Work with your compliance department to develop standard disclaimer language appropriate for your firm.

### ALWAYS USE SECURE DOCUMENT TRANSFER

Tax returns, Holistiplan reports, and any documents containing PII or financial data must be transmitted using a secure method in both directions. This means a client-facing secure upload portal and encrypted email when a portal is not available. Plain email is not acceptable for transmitting tax documents. Document your firm's approved transfer method and train all staff accordingly.

### COELLABORATE DISCLAIMER

This Tax Return Review SOP has been created by Coellaborate (coellaborate.com) for general educational and operational guidance purposes only. It is intended to help independent financial advisors develop internal processes and does not constitute legal, tax, compliance, or investment advice. Coellaborate is not a registered investment adviser, broker-dealer, or tax professional. The information provided reflects general industry practices and is not tailored to any individual firm's regulatory obligations, client base, or operating environment. Advisors are solely responsible for ensuring that their practices comply with all applicable federal, state, and self-regulatory organization (SRO) requirements. Coellaborate makes no representations or warranties regarding the accuracy, completeness, or suitability of this material for any particular purpose. Use of this document does not create a client, advisory, or fiduciary relationship between Coellaborate and any user. Always consult qualified legal and compliance counsel before implementing any new process or procedure in your practice.

### **Want this built out in your actual systems?**

This document gives you a powerful starting point. But if you'd rather have someone configure all of this directly in your CRM, automate your workflows, and customize everything to your firm — that's exactly what Coellaborate does. Reach out and let's build something that works for you.

[erin@coellaborate.com](mailto:erin@coellaborate.com) · [coellaborate.com](https://coellaborate.com)

**Let's Coellaborate →**  
Contact us to build a solution that fits your firm.