



Consumer Tip February 2015: Tax Season is Here: Filing Tips



Tax season officially kicked off late last month and the countdown to April 15, 2015 is on. The Internal Revenue Service (IRS) expects to receive 150 million individual income tax returns this year. While few people enjoy this process, it is far better to file your taxes than have the IRS call on you—and do so with penalties. Listed below are tips to make filing your taxes as painless as possible.

Get Organized

The first step to filing your taxes is to gather the necessary forms, and you should receive these in the mail by early February. This will include a W-2 from each workplace where you've received a salary as well as a variety of other forms, which could include interest and earning statements. You'll also want to gather records of deductible expenses that you've, hopefully, been saving throughout the year.

Take Advantage of the Free File Program

The IRS offers the Free File program available at IRS.gov. This program opened for taxpayers on January 16, and it provides the following two options:

- Software offered by IRS' commercial partners available to individuals and families with incomes of less than \$60,000. Fourteen brand-name software companies are participating in this year's program.
- Online fillable forms, which are the electronic version of IRS paper forms, available to taxpayers of all income levels. This option is helpful to those who are comfortable completing their own returns.

Tax Refund Loans Aren't Worth It

While many tax preparers offer tax refund loans or other immediate refund programs, you won't get your refund that much quicker. Plus, these providers skim a percentage of your return off the top for the convenience of getting your refund a few days sooner. The IRS expects to issue more than 90 percent of refunds within 21 days. To ensure the expediency of your tax refund, it is encouraged to electronically file your refund and choose direct deposit. The IRS reports that more than three out of four refund recipients will go this route. For comparison, paper returns will take a minimum of seven weeks for refunds to be issued.

Don't Leave Money on the Table

Taxpayers often overlook deductions, which is the equivalent of giving away money. While many people know about the child and dependent care credit that can be claimed if you've paid a provider to care for a dependent while you've either worked or looked for a job, listed below are several others:

- Charitable contributions paid through payroll deductions when employees retain pay stubs as proof.
- Job search expenses allow deductions for costs such as travel and resume printing.
- Earned income tax credit for families with lower incomes.

Remember the Affordable Care Act

Under the Affordable Care Act, individuals and families will face fines of \$95 per person and \$47.50 per child or 1 percent of income—whichever is higher—if they did not have health insurance in 2014. The fine will increase each year. The good news is that the majority of taxpayers will merely need to check a box to verify they had health insurance in 2014.

Don't Be Scammed

Scam artists and unethical tax preparers come out in droves during tax season. The IRS will never email you to ask for confidential financial information so be aware this is a phishing scheme. Additionally, beware of tax preparers who earn commission based on the size of your refund. This is incentive to inaccurately fill out forms, which puts you at risk with the IRS. When looking for a tax preparer, always ensure this person guarantees to pay penalties resulting from filing errors.

If April 15 comes around and you're simply not prepared to submit your tax return, you can always file for an extension. Particularly if you expect to receive a return, it is important to be thorough in your documentation. If you need more time, the IRS will give you six more months—until October 15—to finish filing if you complete the 4868 form by April 15. That said, you will be required to pay any taxes owed by this date.

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