

Six in 10 Taxpayers Unaware of New Tax Law Changes

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H&R Block National Tax Advice Day Educates Americans of Key Tax Benefits; New, Free Tax Tools Available at www.nationaltaxadvice.com

KANSAS CITY, Mo.--(BUSINESS WIRE)--Jan. 10, 2007--Although 61 percent of American taxpayers think they claim every tax benefit they're entitled to (a), the IRS estimates \$1 billion in credits and deductions are overlooked each year - the main reason why refunds may be smaller than anticipated, or worse, balances are due.

Nearly 65 percent of taxpayers say they don't know which tax laws have changed this tax season.(a) Because of that, H&R Block's 90,000 tax professionals will hit the streets on National Tax Advice Day, Jan. 11, to educate taxpayers about this year's key tax benefits and to help them maximize their refunds or minimize what they'll owe.

For millions of Americans, keeping more of their own money could be as easy as owning a phone, increasing retirement savings, or claiming credits for certain energy-efficient purchases. And when that tax refund comes, new rules from the IRS will allow taxpayers to deposit their money into as many as three bank accounts for the first time.

"The goal of H&R Block's National Tax Advice Day is to inform taxpayers about the new and often overlooked things they can do this year to improve their tax situation," said Mark A. Ernst, chairman and chief executive officer of H&R Block.

At www.nationaltaxadvice.com, H&R Block is helping taxpayers prepare for tax season with free, easy-to-use calculators, valuable tips and two new tools - OrganizIT and DeductionPro. OrganizIT, an online tax organizer, is designed to help taxpayers plan for a discussion with their tax professional or to prepare their own return. DeductionPro is a fast, intuitive tool that makes tracking charitable donations easier.

During the 2006 tax season, 75 percent of taxpayers received refunds. The average amount was \$2,400, and new credits and deductions this year could increase that amount.

H&R Block offers the following tips that may mean the difference between owing the government and getting some cash back this tax season:

1. Long-distance telephone tax credit: As many as 165 million taxpayers - anyone who has owned a land-based or mobile telephone at any point since March 2003 - are eligible for a new, automatic \$30 to \$60 standard credit.

Taxpayers can claim more than the standard credit if they kept long-distance phone bills from March 2003 to July 2006, enabling them to report the actual amount of excise taxes they paid.

2. Go green, get green: Certain hybrid vehicles and energy-smart home improvements help the environment, and the IRS is providing incentives to encourage taxpayers to do their part.

If taxpayers purchased a new hybrid vehicle in 2006, they are eligible for a tax credit of \$250 to \$2,600, depending on the make and model of the car. A one-time credit of \$500 also is available for taxpayers who purchased certified, energy-efficient windows, doors, furnaces and air conditioners during 2006.

3. Incentives to save: The IRS continues to reward eligible taxpayers simply for socking away some of their own money. Qualified taxpayers can claim the Saver's Credit for up to half of what they contribute to an IRA or other eligible retirement plan, up to \$1,000 (or \$2,000 for joint filers), while other taxpayers are eligible for incentives linked to catching up on retirement savings later in life.

The deadline hasn't passed to make contributions count for this year's tax return, either. Taxpayers have until the April 16

filing deadline to contribute to their retirement plans and make it count this tax season.

4. Split your refund and save: H&R Block knows that tax season is the one time of year that many Americans pause to assess their long-term financial goals. Only 13 percent of taxpayers say they're aware of new tax law changes that make it easier to retire (a), such as the IRS allowing refunds to be direct-deposited to as many as three bank accounts.

H&R Block is making it easy for clients to start saving and improving their financial future with its new H&R Block Easy Savings account and H&R Block Easy IRA. Both products feature low fees, simple enrollment options and a current annual percentage yield rate of 5.25 percent.

5. Remember the EITC: As many as 7.3 million Americans who were eligible for the Earned Income Tax Credit in 2006 didn't claim it, according to the IRS. The complexity of the credit and a lack of awareness are among the reasons why taxpayers fail to take advantage of it.

The EITC can make a significant difference for low- and moderate-income working families; the credit is worth as much as \$4,500. Taxpayers with no dependents could qualify for more than \$400.

6. Changes for charitable contributions: Tougher rules concerning the documenting of contributions could affect taxpayers who routinely deduct charitable donations. Use checks or credit cards for donations so paper proof of the donation is available.

Donated clothing and household items must be in "good used condition," and cash donations of \$250 or more now require documentation from the organization or a bank record, such as a cancelled check, to be deductible.

Visit www.nationaltaxadvice.com or www.hrblock.com/presscenter to find more information about H&R Block's new and existing products and services.

(a) Based on a nationally representative sample.

About H&R Block

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