

Know Before You File: 11 Tips to Save Taxpayers Time, Money

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2011 Tips Include Free 1040EZ Filing, 2-Percent Pay Raise, Unemployment

KANSAS CITY, MO, Jan 12, 2011 (MARKETWIRE via COMTEX) --

Late passage of tax legislation and delayed processing of some tax forms may make taxpayers wonder how this tax season will differ from last season. As the IRS prepares to accept e-filed returns Jan. 14, H&R Block is taking the guesswork out of tax season by offering taxpayers 11 tips to help them navigate tax season 2011:

1. Put your 2-percent raise to work -- Taxpayers get a 2-percent raise in 2011 thanks to the Tax Relief Act of 2010. This means workers who earn \$50,000 a year will have an extra \$1,000 in their paychecks -- or \$600 more than they received from the Making Work Pay Credit. Taxpayers can put this to work for them by contributing to IRAs and 401Ks, paying bills or funding a college savings account.

2. Don't wait to file -- The IRS may be delayed until mid-February in processing forms for up to 50 million taxpayers. Of the forms, the three most common delays are for itemized deductions, \$250 educator's expense deduction, and the tuition and fees deduction.

"Whether taxpayers file in one of H&R Block's 11,000 tax offices or using our At Home product, they can prepare their returns now and we will hold them until the IRS is ready to begin processing," said Kathy Pickering, executive director of the Tax Institute at H&R Block. "Taxpayers shouldn't try to guess when the IRS will be ready to accept their returns. By e-filing through H&R Block now, they can have confidence they'll get their tax refund as fast as possible."

Also, taxpayers wanting their tax refunds earlier than usual can use H&R Block's free W-2 Early Access service to get W-2s before the Feb. 1 distribution deadline.

3. Unemployed required to file -- Even the 9.4 percent unemployed must file tax returns. All unemployment benefits will be taxed this year, unlike last year when the first \$2,400 was tax-free.

Can't afford to file? H&R Block's free, simple, federal tax return is available this year in the company's 11,000 retail offices or through H&R Block At Home online.

4. Sandwich generation gets tax relief -- "Sandwich generation" taxpayers -- those supporting their parents and their own children -- may be able to claim the \$3,650 qualifying relative exemption. Generally, the taxpayer must provide more than 50 percent of the financial support for eligible expenses such as food, lodging, clothing, education, medical and dental care, recreation and transportation.

5. Health insurance for adult children starts -- Children under 27 years of age who do not have access to employer-provided insurance may be added to their parents' health insurance policies starting in 2011 as a result of health care reform. This benefit is not taxable.

6. Education benefits extended -- The American Opportunity Credit was extended, allowing taxpayers to claim \$2,500 for the first four years of college education for each student. The tuition and fees deduction also was extended and could provide a reduction in taxable income of up to \$4,000.

7. 2008 homebuyer credit repayment starts, but not for 2009 and 2010 -- The 2008 First-time Homebuyer Credit was similar to an interest-free loan and taxpayers must begin repaying it with their 2010 tax returns. In general, taxpayers must repay \$500 a year for 15 years. If the taxpayer no longer lives in the house, then the credit must be repaid in full with the next tax return.

Taxpayers who claimed the credit in 2009 and 2010 will not have to repay it unless the house is sold or no longer their principal residence within three years of purchase.

8. Homebuyer credit exceptions for military -- Military personnel who claimed the 2008 homebuyer credit and sold the house after Dec. 31, 2008 due to relocation orders do not have to pay back the credit. Additionally, military personnel on extended leave outside the U.S. for at least 90 days between Jan. 1, 2009 and May 1, 2009 may claim the credit if they close on the house before May 1, 2011.

9. Energy credit reduced -- For 2011, the lifetime maximum for the energy property credit is reduced from \$1,500 to \$500. Taxpayers who never claimed the credit can claim the entire \$500. But, those who claimed \$500 or more for the 2009-2010 and/or the 2006-2007 energy credits are not eligible in 2011. Eligible improvements include external windows and doors, insulation, roofing, HVAC and non-solar water heaters meeting specific energy guidelines.

10. Adoption Credit fully refundable in 2010 and 2011 -- The Adoption Credit can be claimed for qualified expenses up to \$13,170 for 2010 and \$13,360 for 2011. Plus, new for 2010 and 2011, the IRS will refund any amount of the credit that exceeds the adoptive parents' tax liability. With domestic, private and agency adoptions costing up to 30,000*, this means more money back in the wallets of adoptive parents.

11. 2011 federal filing deadline is April 18 -- Due to the observation of Emancipation Day in the District of Columbia on April 15, the filing deadline for federal tax returns is April 18 this year. But, some state filing deadlines will remain April 15.

H&R Block provides guaranteed, income tax return preparation services through its company-owned and franchise offices, and the H&R Block At Home online and desktop solutions. For an online tutorial, join H&R Block's Get It Right Community tax forum, and visit its Facebook and Twitter pages. Through February, one H&R Block Twitter follower is selected daily to win a free copy of H&R Block At Home online.

* Adoption.com

About The Tax Institute at H&R Block

The Tax Institute at H&R Block is the go-to source for objective insights on federal and state tax laws affecting the individual. It provides nonpartisan information and analysis on the real world implications of tax policies and proposals to policymakers, journalists, experts and tax preparers. The Institute's experts include CPAs, Enrolled Agents, attorneys and former IRS agents who draw from years of experience and H&R Block's extensive network of resources. For more information visit our press center at <http://thetaxinstitute.com>.

About H&R Block

H&R Block Inc. (NYSE: HRB) is one of the world's largest tax services providers, having prepared more than 550 million tax returns worldwide since 1955. In fiscal 2010, H&R Block had annual revenues of \$3.9 billion and prepared more than 23 million tax returns worldwide, utilizing more than 100,000 highly trained tax professionals. The Company provides tax return preparation services in person, through H&R Block At Home(TM) online and desktop software products, and through other channels. The Company is also one of the leading providers of business services through RSM McGladrey. For more information, visit our Online Press Center.

For Further Information
Kate O'Neill Rauber
816-854-4287
Email Contact

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