

H&R Block Finds Taxpayers Missing out on Life-Change Benefits

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55 Percent Won't Claim Tax Breaks for Common Life Events This Tax Season

KANSAS CITY, Mo., Mar 19, 2007 (BUSINESS WIRE) -- Marriage, having a baby, buying a home and changing jobs aren't just milestone events in Americans' lives, they also significantly affect a person's taxes. Unfortunately, more than half of taxpayers whose life situation changed last year are unaware of major tax benefits available to them.

A survey of more than 1,000 taxpayers, conducted by H&R Block, Inc. (NYSE: HRB), shows 55 percent of Americans don't know about or won't claim credits and deductions triggered by some of life's most celebrated events. For example, 62 percent of respondents didn't know the Child Tax Credit is worth \$1,000 per child.

"When you have a baby or get married, it makes sense to think about how those changes affect your finances," said H&R Block Tax Professional Jackie Perlman. "We've found that many Americans aren't aware of the tax benefits that go along with transitioning to new stages in life. Not claiming the benefits costs them significant savings in the long run."

First-time homeowners, newlyweds, those with newborns, and other taxpayers who have more complex financial situations tend to file later in the tax season and are more likely to ask for expert advice and counsel in preparing their tax return.

To keep from missing out on available tax credits and deductions, H&R Block offers the following advice to taxpayers who are starting a new chapter:

-- Marriage: The IRS allows married couples to file using the "married filing jointly" or "married filing separately" status. Each has advantages. For example, if the couple claims medical expenses or other itemized deductions limited by adjusted gross income, filing separately may be best. But if the couple wants to claim most tax credits or deduct IRA contributions, filing jointly could be more advantageous. Consult a tax professional to make the right choice when filing for the first time together.

-- Job Change: Why and how taxpayers change jobs has a lot to do with how the change can affect their tax situation. Are they changing careers, changing locations, changing from working for a corporation to self-employment, or were they fired or laid off? All of these scenarios create unique tax situations that are important to consider before preparing a tax return.

-- Home Ownership: Thirty percent of survey respondents cited mortgage interest as the biggest deduction they expect to take on their tax return. Home ownership also means taxpayers could itemize deductions on a Schedule A because they will exceed the IRS standard deduction. That means more record keeping and the need for more detailed preparation.

-- Childbirth: Taxpayers who became parents in 2006 may be able to claim a \$1,000 per child tax credit. The credit generally cannot reduce taxes below zero but may be refundable up to the total amount of the credit allowed, depending on income level. Some parents qualify for a credit for childcare expenses while they're at work, too. In general, H&R Block reminds parents they may qualify for a credit of up to 35 percent of expenses, up to \$3,000 per child for up to two children.

About H&R Block

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