

## **Tough Economy, Confusion Drive Questions to H&R Block Tax Talk Line**

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### **Coast to Coast, Taxpayers Swarm Phone Bank and Email for Free Tax Advice**

KANSAS CITY, MO, Apr 14, 2009 (MARKET WIRE via COMTEX) -- Calls and emails poured into the inaugural H&R Block Tax Talk Line Tuesday, April 7 for 24 hours of free tax advice. Taxpayers from all 50 states, as well as Guam and soldiers stationed in Afghanistan and Japan connected with an H&R Block (NYSE: HRB) tax expert to answer questions of all complexity.

"We were telling taxpayers to keep in mind two key issues," said Amy McAnarney, executive director of The Tax Institute. "One, the clock is ticking. Two, because taxpayers may be in a rush, they could make errors that cause them to leave money on the table."

Some of the most asked questions revolved around the first-time homebuyer's credit, the stimulus payments, and often overlooked credits for higher education.

### **Market turmoil impacts tax returns**

The slumping economy certainly was on the minds of taxpayers calling in. Many questioned how they report losses in their investment portfolios (Answer: On Schedule D, but only after the stock is sold or becomes worthless.)

Callers also asked how to claim losses from money that was tied up in a bank that closed its doors. Most of the time, the loss would be protected by insurance. If the deposit exceeds the insured amount, the taxpayer may elect to claim a reasonable estimate of the loss as a casualty loss in the year the reasonable estimate can be made. In the event the loss was not insured, the taxpayer may elect to claim an ordinary loss of up to \$20,000 if married filing jointly (\$10,000 single). In either case, if it turns out that the actual loss is more than the claimed amount, the remaining loss is claimed as a non-business bad debt (reported as a short-term capital loss on Schedule D).

There were also questions from small business owners who had to sell inventory to make ends meet or close the business completely. On the flip side, many home-based business owners called to get advice on what is deductible and how to fill out Schedule C.

"With more than 500 tax code changes last year, our tax experts were happy to help those doing their taxes or just wanting to better understand more about their situation," McAnarney said.

### **Depending on dependents**

Parents also called in with a variety of dependent-related questions -- from deducting college tuition payments to how much the dependent could earn before having to file their own return. A variety of tuition-related tax breaks are available, including the Hope credit, the Lifetime Learning credit, and the tuition and fees deduction. As for a dependent's filing requirement, that depends on the kind of income they earn. It's possible for a dependent to have to file a return with as little as \$900 of income (\$400 if the income is from self-employment such as babysitting). The kiddie tax rules also affect most children college age and younger.

The phone bank was not silent for a moment during the full 24 hours. "The first call we took was at the stroke of midnight," McAnarney said. "And that caller told us he was just waiting until the clock hit 12 so he could call in."

The Tax Institute, a division of H&R Block, is a national leader in providing unbiased research, analysis and interpretation of federal and state tax laws. Staffed by Enrolled Agents, CPAs, and Attorneys, The Tax Institute provides industry expertise for matters related to taxes and the professional tax preparation industry.

### **About H&R Block**

H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having served more than 400 million clients since 1955 and generating annual revenues of \$4.1 billion in fiscal year 2008. H&R Block provides income tax return preparation and

related services and products via a nationwide network of approximately 13,000 company-owned and franchised offices and through TaxCut(R) online and software solutions. The company also provides business services through RSM McGladrey. For more information visit our Online Press Center at [www.hrblock.com](http://www.hrblock.com).

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