

Consumers' Top Three Tax Issues -- ACA, Gig Economy and Fraud

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Top Tax Questions Reveal ACA Confusion, Growth of Sharing Economy and Impact of New Anti-Fraud Measures

KANSAS CITY, MO -- (Marketwired) -- 03/16/16 -- As the world's largest consumer tax services provider offering both assisted and do-it-yourself tax preparation, H&R Block's (NYSE: HRB) unique insight into the questions taxpayers raise during the tax-filing process reveals ongoing confusion about the Affordable Care Act, emerging economic trends and the impact of new anti-fraud measures across 33 states.

"With about a month remaining in the tax season we are seeing a clear indication that both assisted and DIY tax filers are experiencing levels of confusion on several complex filing issues," said Kathy Pickering, executive director of The Tax Institute at H&R Block. "No tax season is like any other and Tax Season 2016 is shaping up to be one of the more unique seasons for a variety of reasons."

Affordable Care Act, in second tax year, still confusing taxpayers

The impact of the Affordable Care Act on the tax return is still confusing taxpayers in its second year of implementation. In addition to the questions taxpayers are asking, [evidence suggests that confusion has grown over the past year](#).

Taxpayers are concerned both about avoiding the penalty -- which has [more than doubled](#) since last year -- or [how to qualify for an exemption](#) if they were without insurance.

Confusion has also surfaced over new 1095-B and -C forms being delivered to taxpayers that report health insurance information to both the taxpayer and the IRS. While new forms aren't necessary to file in most cases, many taxpayers may be delaying their filing as they wait for their forms. The IRS has indicated businesses and insurance organizations have until March 31 to mail these forms.

Like last year, taxpayers enrolled in marketplace insurance need to use information on the 1095-A to reconcile their advance premium tax credit and file a complete tax return. More than one million taxpayers put their tax credit at risk by either not filing or reconciling the credit appropriately last tax season.

"Even those who have received the Advance Premium Tax Credit for a second year are still asking questions about how it impacts their tax returns," Pickering said. "Add in additional forms for millions more taxpayers and we are hearing more questions than in the past regarding ACA."

Tax questions reveal growth of sharing economy

With more taxpayers turning to the sharing economy to earn money, their tax obligations and benefits have become more complex. Taxpayers who gig are generally subject to a 15.3 percent self-employment tax and must file quarterly estimated payments unless they have sufficient tax withheld from another job where they earn wages.

The increased tax complexity also means new tax benefits in the form of deductible expenses which could include health insurance premiums, retirement plan contributions, one-half of self employment taxes, the cost of advertising, licensing, insurance, repairs and supplies.

"Keeping a business-only bank account usually makes it easier to keep good records and file accurate tax returns. But in the sharing economy, it isn't always possible to keep separate business and personal accounts. For example, a driver will probably use the same car for both business and personal use. This makes good record-keeping all the more important, and, unfortunately, the tax-filing process all the more complicated for those participating in the sharing economy," said Pickering. "We have seen clients who rent out their home through a web site who now are accidental landlords and are

seeing their tax situation change dramatically."

Questions about delayed refunds indicate taxpayers notice new anti-fraud measures

In an effort to reduce fraud risk, [some states](#) have increased their review processes to validate returns and taxpayers have noticed. Some states delayed distributing refunds until March 1 or later. Taxpayers may have to verify their return online or by submitting documentation before they can receive their refund. Sometimes states are issuing checks in lieu of direct depositing the refund into bank accounts in some circumstances.

"Tax identity theft can take victims several months or even years to resolve. Taxpayers understand the importance of reversing the growth of tax identity theft and [a majority are willing to wait a little longer for their refund if it helps combat tax fraud](#)," said Pickering.

Taxpayers with questions can get free, unlimited advice from a tax expert with H&R Block's digital products or visit one of H&R Block's 10,000 offices to talk to a tax professional. Only at H&R Block can taxpayers file any way they want: [online](#), with [downloadable software](#), [via a mobile app](#), [in an office](#) or [even a combination of those options](#). Taxpayers should visit www.hrblock.com to [start their 2015 tax return online for free](#), [purchase and download their tax software](#) or to [make an appointment in an office](#).

About H&R Block

H&R Block, Inc. (NYSE: HRB) is the world's largest consumer tax services provider. More than 680 million tax returns have been prepared worldwide by and through H&R Block since 1955. In fiscal 2015, H&R Block had annual revenues of nearly \$3.1 billion with 24.2 million tax returns prepared worldwide. Tax return preparation services are provided by professional tax preparers in approximately 12,000 company-owned and franchise retail tax offices worldwide, and through H&R Block tax software products. H&R Block also offers adjacent Tax Plus products and services. For more information, visit the H&R Block Newsroom at <http://newsroom.hrblock.com/>.

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