

H&R Block Salutes Military Heroes With Six Tax Tips

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Tax Credit Worth More Than \$5,000, Discounted Tax Preparation and Extended Filing Dates Help Military Personnel

KANSAS CITY, MO, Nov 09, 2009 (MARKETWIRE via COMTEX) -- Taxes may be the furthest things from the minds of our military as they serve in remote areas around the world. But distance and time can add to the complexity of tax issues. H&R Block (NYSE: HRB) offers six answers to commonly asked tax questions from those in uniform.

1. I'm serving in a combat zone. What's my tax deadline?

The IRS grants extra time to file returns, request refunds or even pay taxes due. The extension is:

- 1) The period of time served in a combat zone, plus
- 2) Any continuous time outside the U.S. you were hospitalized for injuries sustained in a combat zone, plus
- 3) 180 days.

For example, for soldiers whose duty in Iraq ends Dec. 31, 2009, their 2009 tax return is due Dec. 12, 2010 -- 180 days after their last day of service and after the usual tax return filing due date of April 15, 2010.

2. I'm active military but not in a combat zone. What's my 2009 tax filing deadline?

The tax filing deadline is April 15, 2010. If you can't file your return by then, you can apply for a six-month extension. However, an extension to file is not an extension to pay. To avoid late fees and interest, you must estimate your taxes owed and submit any balance due, along with your extension form.

If you're on a tour of duty outside the U.S. or Puerto Rico, you have an automatic two-month extension to file your returns. If that's not enough time, you can file the extension form for an additional four months.

3. Do I have to sign my own tax forms?

Yes. Military personnel are required to sign their own tax forms. If you're out of the country, the return may be sent to you or power of attorney must be granted for someone else to sign and file the return. You can establish power of attorney by completing this form.

One exception: Soldiers hurt in a combat zone may have someone else sign the return without pursuing power of attorney. If that's the case, a statement should be attached to the return explaining why the soldier isn't signing their own return.

4. Am I eligible for the earned income tax credit?

A credit worth up to \$5,657 is available to military personnel with earned income of less than \$43,279, or \$48,279 for joint filers. To qualify, taxpayers also must have children under the age of 19 or full-time students between the ages of 19 and 23.

For military personnel without children, a smaller credit worth up to \$457 is available. However, the earnings threshold is \$13,440 for an individual or \$18,440 for a joint return.

5. Can I claim the Making Work Pay Credit?

Most taxpayers started taking home more in their paychecks last year thanks to a change triggered by the Making Work Pay Credit. The credit is up to \$400 for single filers or \$800 for joint filers. But the increased take home pay means taxpayers should take another look at the withholding allowances on their W-4s. H&R Block's Making Work Pay calculator can help military personnel determine if they're withholding enough or if they need to adjust their allowances before the end of the year.

6. Will I be penalized if I take money out of my retirement plan?

No. Soldiers called to active duty may take penalty-free distributions from retirement plans. Unused funds from flexible spending accounts may be used tax- and penalty-free.

H&R Block offers a 10 percent discount on services for military at offices on more than 50 military bases across the country.

"Military personnel often don't know about the many tax credits and deductions available to them," said Ken Treat, H&R Block senior vice president. "The H&R Block tax professionals in and around our military base locations can help those in uniform claim these important tax benefits."

For more information about military tax benefits, visit www.hrblock.com/military, the IRS' Armed Forces' Tax Guide or the IRS' Tax Guide for U.S. Citizens and Resident Aliens Abroad.

About H&R Block

H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having prepared more than 500 million tax returns since 1955. In fiscal 2009, H&R Block had annual revenues of \$4.1 billion and prepared more than 24 million tax returns worldwide, utilizing more than 120,000 highly trained tax professionals. The Company provides tax return preparation services in person, online through H&R Block Online, through its TaxCut(R) software 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 at www.hrblock.com/press.

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