

H&R Block Offers Six Early Tips To Limit Tax Pinch in 2008

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Best Advice For Avoiding Pitfalls Next Tax Season Is To Take Action Now

KANSAS CITY, Mo.--(BUSINESS WIRE)--April 19, 2007--Though Americans just finished tackling another tax season, 2007 is nearly a third of the way through. And while there are several ways for taxpayers to improve their bottom line, H&R Block (NYSE: HRB) advises that most off-season tips call for action to be taken sooner rather than later.

Taking pre-emptive steps can mean the difference between being tripped up by taxes or saving big bucks come 2008, but phasing in money-saving strategies at the right time is as important as any one move a taxpayer may be mulling.

"People tend to tune out taxes until late in the year," said H&R Block Advice Delivery Manager Maggie Doedtman. "At that point, it's almost too late. If taxpayers didn't like their bottom line this year, it's time to see if there's anything they can do to get a better result next tax season."

For instance, taxpayers who adjust their withholding now will realize benefits for two-thirds of the year, compared to those who don't make the adjustment until late in 2007 - when many Americans start thinking about their next tax return.

Other potential pitfalls, such as getting snagged by the Alternative Minimum Tax and not claiming valuable credits for life changes and energy efficiency improvements, also can add up if taxpayers don't act soon. H&R Block suggests the following tips to get an early jump on the 2008 tax season:

Know how AMT affects you: More than 23 million Americans could be affected by the Alternative Minimum Tax this year if Congress doesn't act to reduce that number. Common tax deductions, such as for multiple dependents or large un-reimbursed business expenses, aren't allowed in calculating AMT. Large gains from exercising stock options also can trigger AMT. Knowing the threshold for capital gains and which deductions taxpayers shouldn't count on when figuring AMT is a good first step for being in the know.

Maximize your paycheck...or your refund: Adjusting withholding is the simplest way for taxpayers to affect their returns. Having too much withheld is the same as giving the government an interest-free loan. Withhold too little, and the same taxpayer could face a big bill at the tax deadline. A free withholding calculator, available at www.hrblock.com, guides taxpayers through an analysis of their existing take-home income and tax bill estimate, then provides recommendations for how to adjust their W-4 to maximize income while minimizing tax liability.

Document your donations: Because of tighter IRS guidelines regarding charitable contributions, taxpayers must present documentation for all cash and non-cash donations in order to claim them, beginning with their 2007 tax returns. Previously, only cash donations of more than \$250 required documentation.

Plan for life's changes: Popping the question, having a child or buying a home? Milestone life events, such as marriage, childbirth and home ownership, change a taxpayer's situation significantly. Having a strategy in place that takes into consideration that change can save time, money and stress at tax time.

It pays to be green: A one-time, \$500 credit for energy-efficient home improvements, such as replacing doors, windows and insulation, expires at the end of 2007. The amount covers improvements made in 2006 and 2007, and the value of the credit can be lumped together if a taxpayer didn't claim the benefit this tax season. Driving an energy-efficient hybrid vehicle still has an important benefit besides cutting the cost of fuel. Tax credits worth as much as \$2,600 can apply, depending on the make and model of the vehicle and the date of purchase.

Get organized, stay organized: The best tax advice of any year is to keep key tax and financial documents in one place that's easy to access and find when it's time to file. Getting started now, while the year is young, can make a big difference.

OrganizIT, a free online organizer available at www.hrblock.com, helps taxpayers determine what paperwork is essential at tax time. DeductionPro, another online tool, assigns values to common tax benefits and tracks which credits and deductions a taxpayer will qualify for year-round.

More than 4,000 H&R Block offices nationwide are open year-round to provide tax and financial advice. Taxpayers can visit www.hrblock.com anytime to access free tools, tips and calculators and to find the closest office.

About H&R Block

H&R Block Inc. (NYSE: HRB) is a leading provider of tax, financial, and accounting and business consulting services and products. H&R Block is the world's largest tax services provider, having prepared more than 400 million tax returns since 1955. The company and its subsidiaries generated revenues of \$3.6 billion and net income of \$287 million from continuing operations in fiscal year 2006. The company currently operates in three principal business segments: Tax Services (income tax preparation and advice via in-office, online and software solutions); Business Services (accounting, tax and business consulting services for midsized companies); and Consumer Financial Services (investment and financial advisory services and banking services). Headquartered in Kansas City, Mo., H&R Block markets its continuing services and products under two leading brands - H&R Block and RSM McGladrey. For more information, visit our Online Press Center at www.hrblock.com/presscenter.

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