Three Things to Know Before the Tax Deadline

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Know when to get help, don’t leave money on the table and avoid penalties

KANSAS CITY, Mo., March 15, 2017 (GLOBE NEWSWIRE) -- With the April 18 tax filing deadline less than five weeks away, millions of Americans still need to file their tax returns. Whether they’re still trying to decide how to file their taxes, double- and triple-checking their returns to make sure they didn’t miss a penny or simply procrastinating, here are the three things taxpayers need to know before April 18.

When to go to a tax professional

For some taxpayers, deciding how to file is easy – preparing their own return or getting help from a professional is as clear to them as being a cat or dog person. But according to Kathy Pickering, executive vice president of The Tax Institute at H&R Block, for some taxpayers the decision is not so straightforward and the best method might change year to year.

“In general, if you have a complex tax return – with self-employed income, investments, rental property, or multiple states – you should get help from a tax professional. You should also consider a tax professional if you’ve had a major life change in the last year, you don’t have time to do your tax return or you need to respond to an IRS notice or audit or catch up on previous years’ returns,” said Pickering.

Once they’ve decided to use a tax professional, taxpayers need to find someone who can get them every tax benefit they’re entitled to in a complete and accurate tax return. Taxpayers should look for a tax professional who has ongoing education to keep up with changes in the tax code, expertise in their specific tax situation, and security measures in place to protect personal information. A good tax professional will also guarantee their work.

Don’t overlook tax benefits or make costly mistakes

- *Earned Income Tax Credit*

  Some taxpayers may delay filing because they’re worried about leaving money on the table. According to Pickering, 20 percent of eligible taxpayers do not claim the earned income tax credit (EITC), which can potentially be worth more than $6,200 for some families. Because eligibility can fluctuate based on financial, marital and parental changes, Pickering says a taxpayer can be ineligible one year and eligible the next. Another reason so many people overlook the EITC is because they may not earn enough money to have to file a return. But an eligible person can still get the EITC even if they do not owe taxes.

- *Itemizing deductions*

  Another benefit taxpayers tend to overlook is itemizing. “Only one in three taxpayers itemize but millions more should – especially homeowners,” said Pickering.

  Owning a home is often the key that unlocks itemization, but some taxpayers with high state taxes and charitable contributions may also be able to itemize. Itemizing allows taxpayers to deduct qualifying charitable donations, medical expenses, personal property taxes, real estate taxes, state income or sales taxes, casualty losses, mortgage interest payments, mortgage insurance payments and more.

  “All of this can add up and save taxpayers hundreds of dollars,” said Pickering.

- *Filing status*

One of the most common mistakes taxpayers make is selecting the wrong filing status. A filing status is not always the same as marital status; for example, a single parent could qualify for the more advantageous head of household status.

"A taxpayer's filing status can affect which credits and deductions they're eligible for, the value of their standard deduction and their tax bracket," said Pickering.

Avoid penalties by filing an extension

"Nearly one in three taxpayers wait until April to file, and if you're one of them, you need to file something by the 18th," said Pickering. "Don't forget an extension to file is not an extension to pay. If you owe money and can't pay, you can avoid penalties by estimating what you owe and paying at least 90 percent of that by the April filing deadline."

The penalty for not filing a tax return is 10 times greater than the penalty for not paying in full. The best way to avoid this penalty, which could add up to 25 percent to a tax bill, is to file a completed tax return or apply for an extension by April 18. Taxpayers who can't pay their balance due all at once can request a short-term extension to pay, make an installment agreement or even pay with a credit card.

Learn more at www.hrblock.com or make an appointment by calling 1-800-HRBLOCK.

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