

H&R Block Answers Filers' Stimulus Plan Questions

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Filers to Receive Rebates Starting at \$300, \$600 or \$1,200 Beginning in May

KANSAS CITY, Mo., Feb 12, 2008 (BUSINESS WIRE) -- An economic stimulus plan expected to be signed this week by President Bush will provide most Americans with rebates of \$300, \$600 or \$1,200 in 2008, plus \$300 for each child, depending on their filing status, income and net tax liability.

Taxpayers will want to know how much money they'll get and when they'll get it. H&R Block has the experience and knowledge to help taxpayers make sense of the legislation, with answers to the questions rebate recipients will be asking most:

Will this affect the tax return I have to file before April 15?

"No," said Amy McAnarney, executive director for H&R Block's Tax Institute. "However, the amount of your rebate depends on how much money you earn this year and information from the 2007 tax return you'll file before April 15."

How soon can I get my rebate?

"Mailed checks should be distributed during a 10-week period starting in May, and direct deposit could begin in April," McAnarney said.

What if I don't have to file a tax return this year? Will I still get my rebate this year?

"Taxpayers who want to receive their rebate this year should file a tax return this year," McAnarney said. "H&R Block is among the most affordable choices for Americans who want their rebate but who otherwise would not have to file, with discounted, \$35 professional tax preparation in our offices and do-it-yourself options, such as TaxCut Online, for as little as \$14.95. Taxpayers who are 50 or younger and who earned less than \$54,000 in 2007 also are eligible for free tax preparation through H&R Block's Free File Alliance (FFA) program at www.irs.gov. H&R Block has been an FFA member since the program's inception and has one of the most generous offers available for those who qualify. "

Will the rebate money I get be considered income, and will I be taxed on this next year?

"No, and no," McAnarney said. "The rebate is an advance credit for tax year 2008, based on a tax cut in the economic stimulus bill."

If I file my taxes earlier, will that speed up when I receive my rebate?

"Checks will not be distributed until May, regardless of when you file, but taxpayers who file for an extension might receive their rebates later than those who file by the April 15 deadline," McAnarney said.

How are children defined in the law?

"The child has to be younger than 17," McAnarney said.

Will this reduce the amount of my tax refund next year?

"No," McAnarney said. "The actual credit will be calculated on your 2008 return. If you're due a higher credit, you'll get the remainder next year when you file. If you received a higher credit than you should have, you do not have to pay anything back."

If I don't need to file a return but want to in order to get my rebate, what should I look for in a tax preparer?

"Even if you think you may not need to file, you should seek a tax professional with the expertise to know for sure and the ability to stand behind you if there are any questions about your tax situation," McAnarney said. "The typical H&R Block client is served by a tax professional with 8 years of experience and 250 hours of training. And every client is backed by the H&R Block Guarantee. If the IRS audits you, H&R Block will assist you at no additional charge; in the unlikely event of an error by H&R Block, Block will pay all penalties and interest.

"Cost is an equally important factor," McAnarney added. "H&R Block is among the most affordable choices for Americans who want their rebate but who otherwise would not have to file, with discounted, \$35 professional tax preparation in our offices or do-it-yourself options, such as TaxCut Online, for as little as \$14.95. Taxpayers who are 50 or younger and who earned less than \$54,000 in 2007 also are eligible for free tax preparation through H&R Block's Free File Alliance program at www.irs.gov. H&R Block has been an FFA since the program's inception and has one of the most generous offers available for those who qualify."

Are there any limits on which taxpayers are eligible to receive a rebate? What are they?

"To qualify for the rebate, the taxpayer must have earned income of at least \$3,000, which can consist of income and benefits from Social Security or veterans' disability, and have a valid Social Security number," McAnarney said. "The rebate is also phased out at adjusted gross incomes above \$75,000, or \$150,000 for married couples."

I'm a small business owner. What benefits are in the bill for me?

"Small business owners can write off an additional 50 percent of new investment expenses in 2008 for items that had been subject to depreciation over 20 years or less," McAnarney said. "Another break gives business owners with less than \$800,000 in investments the ability to write off the total cost of new investment expenses of as much as \$250,000."

Examples

A) A married taxpayer filing jointly has \$175,000 in earned income, two qualifying children, and a net tax liability of \$31,189 (the taxpayer's actual liability after the child credit also is \$31,189 as the joint income is too high to qualify). The taxpayer meets the qualifying income test and the net tax liability test. The taxpayer will, in the absence of the rebate phase-out provision, receive a rebate of \$1,800, comprising \$1,200 (greater of \$600 or net tax liability not to exceed \$1,200), and \$300 per child. The phase-out provision reduces the total rebate amount by five percent of the amount by which the taxpayer's adjusted gross income exceeds \$150,000. Five percent of \$25,000 (\$175,000 minus \$150,000) equals \$1,250.

B) A married taxpayer filing jointly has \$2,000 in earned income, one qualifying child, and \$1,100 in net tax liability (resulting from other unearned income) prior to the application of refundable credits and the child credit (the taxpayer's actual liability after the child credit is \$100). The qualifying income test is not met, but the taxpayer has net tax liability for purposes of determining the rebate of \$1,100.

The taxpayer will receive a rebate of \$1,400, comprising \$1,100 of net tax liability, and \$300 per child.

C) A married taxpayer filing jointly has \$40,000 in earned income, two qualifying children, and a net tax liability of \$1,573 prior to the application of refundable credits and child credits (the taxpayer's actual tax liability after the child credit is -\$427). The taxpayer meets the qualifying income test and the net tax liability test.

The taxpayer will receive a rebate of \$1,800, comprising \$1,200 (greater of \$600 or net tax liability not to exceed \$1,200), and \$300 per child.

For more information about the tax implications of the economic stimulus package or for answers to taxpayer questions about the plan, call the H&R Block media desk at (816) 854-4287, or visit the Economic Stimulus Plan Information Center at H&R Block's online discussion community, Digits, at www.digits.hrblock.com.

About H&R Block

H&R Block Inc. (NYSE: HRB) is the world's largest tax services provider, having prepared more than 400 million tax returns since 1955. The company and its subsidiaries reported revenues of \$4.0 billion and net income from continuing operations of \$374.3 million in fiscal year 2007. The company has continuing operations in three principal business segments: Tax Services (income tax return preparation and related services and products via in-office, online and software solutions); Business Services (accounting, tax and business consulting services primarily for midsized companies); and Consumer Financial Services (brokerage services, investment planning and related financial advice along with full-service consumer banking). 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.

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