

To Have, To Hold, To File

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Newlyweds Say 'I Do' to New Tax Filing Status, H&R Block Advises on New Tax Issues

KANSAS CITY, MO, Jun 22, 2010 (MARKETWIRE via COMTEX) --Something old, something new, something borrowed, something to do with taxes. With more marriages in June than any other month, brides all over the country are now uttering this phrase -- or something like it -- and H&R Block is there to help.

With 26 being the median age of brides and 28 for grooms*, they likely have been filing individual tax returns for more than a decade. Even if they decide not to combine their finances, married couples will no longer be able to file federal tax returns as "single."

"The IRS has two filing options for married couples. The vast majority of couples use the married filing jointly option, but you shouldn't assume it is the best option for you," said Jennifer Rempe, lead analyst at The Tax Institute at H&R Block. "This is an important financial decision and the only way to know which filing status meets your needs is for you to run the numbers both ways or contact a tax professional for assistance."

The following information will help newlyweds decide what is best for them when it comes to filing their taxes as a married couple. Remember, it doesn't matter if a couple was married one day or 100, because tax filing status is based on Dec. 31 marital status. Whether a couple rings in the new year as newlyweds or singles is what matters when filing taxes, not if the couple has been married for nearly a year or tied the knot that day.

Married filing jointly Using married filing jointly status, spouses report their combined income and tax deductions.

With a joint tax return, couples' taxes may be lower than their combined tax when filing separately. They also may qualify for tax benefits that would not apply if they filed separately.

Married filing separately Married taxpayers will generally pay more combined tax on separate returns than they would on a joint return because they are not able to claim as many tax credits and deductions. For example, the earned income credit (refundable credit for lower-income workers) and education credits may be unavailable, and eligibility requirements based on income are lower for those filing separately.

These are common reasons for filing separately:

- Workplaces in different states
- High medical bills/low income resulting in ability to claim medical expenses because 7.5 percent of an individual's adjusted gross income was reached
- "Injured spouse" claim due to the other's obligations, such as owed child support or back taxes, or "innocent spouse" claim if there is suspicion that a past joint tax return may have understated tax without the innocent spouse's knowledge
- Legal separation.

"Newlyweds may find it helpful to get an estimate on their current-year return," Rempe said. "For this, a tax professional will use current pay stubs and last year's tax returns, and factor in changes -- such as, the purchase of a house -- to determine how much tax would be owed or how big the refund would be if no changes were made on their W-4s."

For assistance preparing for the first tax season as a married couple, contact an H&R Block tax professional. To find the nearest H&R Block office, visit www.hrblock.com or call 800-HRBLOCK.

* Pew Research Center, these figures reflect the median ages for first-time brides and grooms

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state tax laws affecting the individual. It provides nonpartisan information and analysis on the real world implications of tax policies and proposals to policymakers, journalists, experts and tax preparers. The Institute's experts include CPAs, Enrolled Agents, attorneys and former IRS agents who draw from years of experience and H&R Block's extensive network of resources. For more information visit our press center at <http://thetaxinstitute.com>.

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