

## **Economy and Recovery Top Taxpayers' Minds**

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### **Taxpayers Seek Help on Investments, Family Situations During H&R Block Tax Talk Hotline**

KANSAS CITY, MO, Apr 06, 2010 (MARKETWIRE via COMTEX) --Approximately 4,000 taxpayers called or emailed their toughest tax questions to the H&R Block Tax Talk Hotline -- seeking clarification on everything from filing status, to unemployment benefits and investment losses.

Taxpayers from across the United States, as well as some in Iraq, Australia, and Hong Kong, sought advice from H&R Block tax experts during the 24-hour hotline on March 25.

"The questions from taxpayers certainly echoed the tough financial times we are in," said Jennifer Love, vice president of communications for H&R Block. "Families are struggling and saw the free hotline as a valuable lifeline to some tax-related stress relief."

Questions ranged from traditional tax topics on unemployment, energy efficiency and life changes, to the quirky, like questions from a state lottery winner or a new lawyer wondering if the bar exam qualifies as a tax deduction. (It doesn't. The cost of the exam and any review courses, are nondeductible personal expenses. Likewise for the CPA and other professional certifying exams.)

In general, taxpayers questions centered on four areas:

**Unemployment** With unemployment hovering around 10 percent, questions around unemployment income and severance pay were top-of-mind. All unemployment income -- minus the first \$2,400 received -- is taxable. Severance pay also is taxable income. Taxes may be owed come April 15 if taxpayers didn't withhold taxes at their normal tax rate on severance pay or unemployment income.

**Energy** With up to \$1,500 at stake, many taxpayers asked which upgrades qualify for the energy tax credits. Whether it's a new furnace, door or energy-efficient windows, taxpayers must ensure the upgrade meets the qualifications. While many Energy Star-certified products qualify, homeowners should check the manufacturer's tax credit certification statement to confirm.

**Life changes** Newlyweds who tied the knot in 2009 wondered if they should file separately or married filing jointly. Divorcing spouses inquired about their filing status if they weren't divorced the entire year. H&R Block tax professionals advised that their filing status should match their marital status on Dec. 31, 2009.

With economic woes fostering more multi-generational living arrangements, taxpayers called the Tax Talk Hotline for guidance about the filing status of Gen Y children returning home and parents caring for their parents. Typically, a child cannot be claimed as a dependent if they are 19 years or older and not a full-time student. If they are a student, then they can be claimed as a dependent until age 24 -- assuming other qualifications are met, such as living with the parent for more than half the year.

In most cases, parents may claim their parents as dependents if they meet certain criteria such as providing more than half of their support including food and shelter.

**Investments** Other taxpayers needed help claiming capital gains and losses, drops in their 401(k)s or guidance on the new IRA rules. A maximum of \$3,000 in capital losses a year may be claimed to offset other types of income. Also, losses can be carried over year-to-year and utilized up to the \$3,000 maximum each year. Drops in 401(k) retirement accounts cannot be claimed as a loss.

New IRA rules for 2009 allowed taxpayers to convert a traditional IRA to a Roth IRA without penalty. By making this change, taxpayers will be able to withdraw from the account tax-free when they're of retirement age.

"The hotline was consistent for 24 hours," Love said. "With such a complex tax code and the economy seeing some signs of recovery, taxpayers realized the importance of getting it right."

Taxpayers who missed the 24-hour Tax Talk Line can still get their questions answered for free from H&R Block's Get It Right community site. H&R Block has responded to more than 100,000 questions through the online community since the beginning of the year.

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 100,000 highly trained tax professionals. The Company provides tax return preparation services in person, online through H&R Block Online, through its H&R Block At Home(TM) 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/presscenter](http://www.hrblock.com/presscenter).

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