

As Extension Deadline Passes, Start Planning Now for Filing in 2011

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H&R Block Advises Taxpayers to Be Proactive, Know How Changes Affect Their Taxes

KANSAS CITY, MO, Oct 20, 2010 (MARKETWIRE via COMTEX) -- Despite the longstanding idea that tax season starts in January and ends April 15, more taxpayers are discovering their taxes need year-round attention and planning, with the most critical dates to meet being the April 15 and Oct. 15 filing deadlines.

Now that the 2009 tax season is officially over with the passing of the extension deadline, H&R Block advises taxpayers there are some simple, proactive things they can do now to understand their tax situations and potentially improve them. Performing a tax tune-up with a tax professional now could eliminate surprises next spring.

"For taxpayers who didn't file an extension, October is still a good time to evaluate their tax situations and see what changes they can make to impact their return for the better," said Elaine Smith, master tax advisor with H&R Block. "Taxpayers must keep in mind that tax situations fluctuate due to three areas -- income, filing status, and possible tax credits and deductions."

Claim homebuyer credits now for cash influx

For 2010 purchases, the homebuyer credits can be claimed on 2009 or 2010 tax returns. This gives taxpayers the option of filing an amended tax return now for the 2009 tax year and receiving their money this fall, or claiming the credit on their 2010 tax return when filing in 2011.

Eligible homebuyers must have signed a binding contract on or before April 30, and they must have closed on the sale on or before Sept. 30. However, the contract must state that the purchase is to close before the original July 1 deadline, in order to remain eligible for the tax credit.

Make the most of the rest of the year

Even in the last three months of the year, there are steps taxpayers can take to improve their tax situations such as investing in their homes to claim up to \$1,500 in home energy efficiency tax credits that expire Dec. 31; or, putting more money in retirement accounts to benefit from tax-free contributions.

"Even if big changes cannot be made, have a tax tune-up with a professional tax preparer and check withholding amounts on W-4s to avoid tax filing surprises in the spring," Smith said.

Before the end of the year, taxpayers should be aware of these provisions that have the potential to impact nearly all taxpayers:

-- Possible absence of alternative minimum tax (AMT) patch for 2010

-- Without an alternative minimum tax patch this year, up to 25 million taxpayers may have to come up with an additional \$3,000 to \$5,000 to pay their taxes. Because general withholding tables do not account for the absence of the AMT patch, these taxpayers need to be prepared to save this money to meet their tax liabilities.

-- Possible loss of the Bush tax cuts

-- If the Bush tax cuts are not extended into 2011, 98 percent of taxpayers will be affected immediately by increases in all tax brackets, which would result in more taxes being withheld and less net pay. However, loss of many other tax cuts will not be realized until tax year 2011 returns are filed in 2012, allowing taxpayers the opportunity to make adjustments that yield a more favorable

tax outlook.

For more information about tax planning, contact a local H&R Block tax professional. To find the nearest year-round H&R Block office, visit www.hrblock.com or call 800-HRBLOCK. More than 4,000 H&R Block offices are open year-round.

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