

Tax Return Filing Tips

In case you haven't noticed, it's tax time again. You have your 1040 package, your W-2, and various 1099 forms. And, with April 15th fast approaching, it is time to get down to business. A glance at the following questions and answers may give you some help in getting started.

Should I handle the task myself?

Often, one of the first questions asked by taxpayers is whether it is smarter to prepare one's own return or seek out the services of a tax return preparer. Your income and the complexity of your return may dictate the correct answer, but many taxpayers are far from comfortable preparing their own returns regardless of their income level. If you fall into this category, save yourself needless fretting-- gather all tax-related records together and seek the services of a professional.

What will professional tax preparation cost?

The answer to this question depends upon the complexity of your return. There are, however, some questions you should ask right at the start:

- o Does the preparer charge a *flat* fee or an *hourly* rate? If he or she charges by the hour, remember that the Internal Revenue Service's own statistics indicate that it will take the average person 3½ hours to fill out a Form 1040.
- o Does the preparer's fee increase with the number of schedules you are required to file?
- o Will the preparer represent you before the IRS if your return is questioned? If so, how much free time, if any, will you be entitled to with your base fee?
- o Does the preparer offer an "instant refund" program? If so, read the terms closely.

What if I decide to "go it alone" and then discover I need help?

Although the IRS believes that most of your questions can be answered by its instructions, there are times when you will need their input. They have made provisions for this possibility through:

- o Tele-Tax recorded information, which is available 24 hours a day and contains information on 140 tax topics. Your local Tele-Tax number will be in your telephone directory;
- o IRS "Walk-In" assistance, available free-of-charge in most IRS offices to help you with your return; or,
- o IRS forms and publications, beyond those you receive automatically, available free of charge by calling 1-800-TAX-FORM (1-800-829-3676) with the form or publication number you seek. (Allow upwards of two weeks to receive them.)

Should I file a paper or computer (electronic) return?

Last year, over 10 million taxpayers filed their returns by computer. If you are comfortable using a PC (personal computer), you may want to explore this option, especially if you would like an *accelerated* refund. IRS statistics indicate that electronic filers typically receive a refund within three weeks. If you arrange for **direct deposit**, you can have your refund in even less time.

What can I do if I can't file by April 15th?

Filing a Form 4868 will give you an extension on the time you need to file your return. You must, however, pay at least 90 percent of any tax you believe you will owe when you request the extension. The IRS can charge up to 25 percent on any tax that is not paid by the original tax filing date.

Are there new tax "twists" I should watch for when filing for 1992?

The changes that may have the greatest impact on your 1992 return include:

- Personal exemptions have been increased to \$2,300 per exemption claimed. This is an increase, but it may be lost for some taxpayers for whom it will be reduced or eliminated if their adjusted gross income (AGI) is too high.
- The standard deduction has increased to \$3,600 for single filers and \$6,000 for joint filers. It may be to your benefit to take the standard deduction for 1992, even if you have itemized in the past.
- You may see a reduction of itemized deductions if your AGI exceeds \$105,250 (\$52,625 for married, filing separately) for 1992.
- The "Kiddie Tax" exemption is \$1,200, up from \$1,100.
- The standard mileage rate has increased from 27.5 cents to 28 cents per mile.
- Seller-financed mortgages require taxpayer ID numbers for the seller and the buyer, enabling the IRS to match interest deducted and interest received.

Where is my refund?

If you believe that your refund is late, or you simply want to find out its status, call the IRS Tele-Tax number for your local area. Be sure to have your Social Security number and the exact amount of your refund at hand before you call. (The IRS updates refund information once every seven days.)

What if I have a problem that I cannot resolve with the IRS?

If you have tried all normal channels to resolve a problem regarding your income tax return, you can contact the Problem Resolution Program (PRP). The PRP staff act as taxpayer advocates and will assist you in seeking an answer to your particular tax problem. You can reach the PRP by calling the IRS assistance number listed in your local directory.

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