

Tax-Filing Tips, and What You Should Know About Tax Refund Loans

It's that dreaded time of year again: tax-filing season. Throughout January, your employer, bank and other financial entities have supplied you with the documents you'll need to knock out your tax return and put the IRS in your rear view mirror for another year.

Before you get started putting all of the numbers in each of the little boxes, or running out to the pop-up tax preparing business down the street, make sure you follow these tips for a safe, secure and accurate return.

Don't Get Ripped Off

Tax-filing season is like Christmas for cyber criminals. They often set up dummy websites and send official looking e-mails, hoping that you'll fall into their trap. The IRS will never ask for detailed financial information such as PIN numbers, passwords or secret information for credit card, bank or other financial accounts. In fact, the IRS never initiates contact with taxpayers via e-mail to request any kind of personal information. Any e-mails that look like they come from the IRS should be forwarded to Phishing@irs.gov, then deleted. Do not respond!

Keep More of Your Refund

Many tax preparers offer tax refund loans or other immediate refund programs. Each offer comes with a cost, as the tax preparer takes a percentage of your return off the top for the convenience of getting your refund faster. These offers play upon the assumption that the IRS is slow in issuing returns, but that's not necessarily the case. Most returns can be accepted by the IRS electronically via the e-file program, which enables your full refund to be deposited directly into your bank account within seven to 14 days.

You Can File for Free

Nearly 70 percent of Americans qualify for free tax filing using software or forms provided by the IRS. If you earned less than \$57,000 in 2011 (an amount that is updated annually), find out which free options are available to you by visiting www.irs.gov/freefile.

Get IRS Assistance in Spanish

The tax-filing process does not have to be burdensome for Spanish-speaking Americans. The IRS offers resources in Spanish at www.irs.gov/espanol. Assistance in Spanish also is available via phone-to access, dial 800-829-1040, then press the number 8.

Don't Forget Your Kids at Tax Time

Having children makes you eligible for many special tax considerations beyond the \$1,000 tax credit per child. The money that you spend for someone to take care of your children in order for you to work or look for work (daycare, afterschool care, nanny) often is tax-deductible. Also make sure that your tax preparer knows if you have gone through the process of adopting a child in 2011, as many of those expenses can help decrease your tax liability.

Report Those Tips

Although tips might feel like "free money," they are, in fact, taxable. The IRS is on the lookout for people working in service-industry jobs-where tips are common-who fail to report their tips. Your tax return should include a total of all cash tips you receive directly from customers, or a reasonable estimate of how much you received during the past year. For future years, keep a daily log of your tip income to make sure that you do not overestimate or underestimate.

This information is provided as a public service and should not be construed to apply to your specific situation. If you would like detailed legal advice, you will need to schedule an appointment so we can discuss your situation further. Additionally, if you need an accountant, we will be happy to refer you to an accounting professional.