

Diving into Tax Season: Tips, Tricks, and Traps to Watch Out For
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We are now officially into tax season and although the deadline to file is not until April 15th, it's still a good idea to get your taxes done sooner rather than later, even if you owe. Did you know identity thieves can use your stolen information to file a fraudulent tax return and claim your refund? Filing your taxes early is one of the biggest things you can do to prevent this form of identity theft. If you do find yourself a victim of tax related identity theft, information on what steps to take can be found at this website: <https://www.irs.gov/newsroom/taxpayer-guide-to-identity-theft>.

One way to streamline your tax filing and help you feel more prepared to file your taxes is creating a specific folder, either hard copy or digitally, to keep track of tax documents as you receive them. This will help streamline the tax filing process, especially if you have special circumstances.

The IRS recommends keeping your tax records for at least three years. This helps with tax filing for future years because you will have your Adjusted Gross Income (AGI) from the previous year will be easily accessible.

In order to file your taxes, you will also need the following information.

- Your social security number or tax ID number
- Your spouse's full name, social security number, and date of birth (if married filing jointly)
- Routing and account numbers to receive your refund by direct deposit or to pay your balance owed
- Identity Protection PIN if one has been issued to you, your spouse, or your dependent
- Dates of birth and social security numbers for dependents you are claiming

Some of the tax forms you received might include the following:

- W-2 (if employed)
- Unemployment 1099-G (if unemployed)
- Forms 1099
- Schedules K-1
- Income records to verify amounts not reported on 1099-MISC or new 1099-NEC (if self-employed)
- Pension/IRA/annuity income (1099-R)
- Social Security income (SSA-1099)
- Interest income (1099-INT)
- Health Savings Account Distributions (1099-SA)
- Health Savings Account Contributions (5498-SA)
- Mortgage interest statement (Form 1098)
- Real estate personal property tax records
- Charitable donations (cash amount records and receipts)
- Medical expenses
- Childcare expenses
- Education expenses (form 1098-T)
- State and local taxes
- Retirement account contributions (Form 5498)

This is by no means an exhaustive list, but is meant to help you know which forms might apply to your situation.

When preparing your taxes, it's also important to understand which deductions and credits you might qualify for. A tax deduction is an amount that is subtracted from your total income and lowers the amount of money you pay taxes on. A tax credit subtracts from the amount of taxes you owe. There are two types of tax credits, refundable and nonrefundable. A refundable credit means that you can be paid money back if the credit takes the amount of taxes you owe below zero. A nonrefundable credit means that once the amount of taxes you owe is reduced to zero you won't be paid any money. A list of common deductions and credits can be found here: <https://www.irs.gov/credits-deductions-for-individuals>. A financial professional can also help you identify the deductions and credits you may qualify for.

While it can be fun to get a big tax refund, when this happens what you are really doing is loaning your hard-earned money to the government interest free. There may be several reasons for doing this. But, if you are in a tight financial situation, taking home more of your income each month can make a huge difference. In general, if you typically receive more the \$500 a year in tax refunds it is recommended you visit the IRS withholding calculator and adjust your withholding amount so you can use more of your funds throughout the year. The calculator can be found here: <https://www.irs.gov/individuals/tax-withholding-estimator>.

The Volunteer Income Tax Assistance (VITA) program offers FREE tax filing assistance to those who qualify including those who make under \$64,000/year, persons with disabilities, and limited English-speaking individuals. VITA volunteers for Juab County are working right out of the Extension Office. Give us a call to schedule your free VITA tax help or for more information (435) 623-3450.