

Diving into Tax Season: Tips, Tricks, and Traps to Watch Out For
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We are officially in tax season! While the deadline to file your taxes isn't until April 15th, it's still a good idea to file 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 best ways to protect yourself from this type of identity theft.

Another way to enhance your identity protection is by requesting an Identity Protection PIN (IP PIN). This six-digit number prevents identity thieves from filing a fraudulent tax return in your name. To learn how to request your IP PIN, visit www.irs.gov.

To make the tax filing process smoother, consider creating a specific folder—either physical or digital—to keep track of tax documents as you receive them. This will help you stay organized and more prepared, especially if you have special circumstances.

The IRS recommends keeping your tax records for at least three years. This ensures that you'll have easy access to your Adjusted Gross Income (AGI) from previous years, which helps when filing future taxes.

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 not an exhaustive list, but it is intended to help you identify the forms that may 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 reduces your total income, thereby lowering the amount of income that is subject to taxation. A tax credit, on the other hand, directly reduces the amount of taxes you owe. There are two types of tax credits: refundable and nonrefundable. A refundable credit can result in a refund if the credit reduces your tax liability below zero. A nonrefundable credit only reduces your tax liability to zero, without any refund. 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 receiving a large tax refund can feel like a win, what you're actually doing is loaning your hard-earned money to the government, interest-free. There may be various reasons for this, but if you're facing a tight financial situation, taking home more of your income each month can make a significant difference. In general, if you typically receive more than \$500 in tax refunds each year, it's recommended that you use the IRS Withholding Calculator to adjust your withholding amount. This will allow you to keep more of your money throughout the year. You can access the calculator 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 \$65,000/year, persons with disabilities, and limited English-speaking individuals. VITA volunteers for Juab County are working right out of the Extension Office. Call us to schedule your free VITA tax help or for more information (435) 623-3450.