

Let the refunds begin: H&R Block shares six essential tax season 2013 tips

Written by

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With the fiscal cliff averted and the IRS finally processing income tax returns, H&R Block (NYSE: HRB) offers six facts to navigate tax season 2013. Even though the IRS indicated some forms will not be updated until as late as March, 98 percent of all taxpayers should be able to file their returns now.

"Slightly smaller paychecks and tax season starting later than in the past makes it even more important to make smart money decisions to make ends meet." said Andrew Jensen, master tax advisor at H&R Block. "No matter how taxpayers want to file their income tax return, H&R Block can help."

H&R Block, with 11,000 offices, H&R Block At Home® do-it-yourself solution and mobile apps, helps taxpayers file a return anyway, anywhere, anytime. For the 60 percent of filers who seek assistance from a tax professional, it's important to note that all H&R Block tax professionals sign every return they prepare. In fact the average H&R Block client is served by a tax professional who has more than a decade of experience and hundreds of hours of training. H&R Block At Home, which serves do it yourself filers, is backed by the first-in-the-industry research and analysis group, The Tax Institute, which includes CPAs, tax attorneys, enrolled agents and former IRS agents.

According to a survey conducted by The Tax Institute, many families already were bracing for the later-than-normal start to the tax season. The survey found that almost 1 in 3 taxpayers planned to use their tax refund to pay loans, credit cards, holiday bills and utilities. Another 13 percent of taxpayers will be putting off spending money on bigger items due mainly to the delayed start of e-filing.

Armed with these are six facts about this tax season, taxpayers may be a little more prepared financially this year.

1. Sticker shock: 2-percent payroll tax holiday ended – All workers get less annual take-home pay compared to last year because the Social Security payroll tax returned to 6.2 percent. That's more than \$80 a month less for someone earning \$50,000 a year.
2. Family friendly tax breaks extended – More than 70 tax provisions that expired Dec. 31, 2011, were extended retroactively. This impacts all income levels and includes many tax breaks for families. Following are some of the more popular extended tax breaks:
 - The Child Tax Credit, set to be cut in half, was extended and is \$1,000 per dependent child (was set to expire Dec. 31, 2012)
 - State and local sales tax itemized deduction – with the greatest impact on the millions of taxpayers who reside in states with no income tax
 - Educator expense deduction – available for teachers, up to \$250 to help cover unreimbursed classroom expenses
 - Mortgage insurance premium – deductible as interest paid for a qualifying residence
 - Charitable distributions from IRAs – non-taxable up to \$100,000.
3. Millions eligible to claim casualty losses – There were many natural disasters in 2012,

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including Hurricane Sandy. Claiming a casualty loss as an itemized tax deduction could mean significant tax savings for millions of taxpayers in a federal disaster area. Losses in a federally declared disaster area in 2012 can be claimed on either an amended 2011 return or a 2012 return.

4. Education tax breaks extended – The American Opportunity Credit was extended through 2017. This often overlooked credit allows eligible taxpayers to claim up to \$2,500 for each of the first four years of college for each student. Through 2013, the Tuition and Fees Deduction provides a reduction in taxable income of up to \$4,000, and the Lifetime Learning Credit is worth up to \$2,000 per return for post-secondary degree programs. In addition, the tuition and fees deduction, worth up to \$4,000 per tax return, was extended.

5. Energy credits extended – Taxpayers may claim energy-efficiency tax credits for the cost of eligible home improvements up to the maximum lifetime credit of \$500. Among the eligible improvements are windows, doors and insulation.

6. Health exchanges will use returns for income verification – The 2012 tax return may be used for income verification for open enrollment for health insurance through government-sponsored exchanges. This process starts in October.

"Some immediate adjustments might have to be made because paychecks are smaller and tax refunds are coming later this year, but taxpayers need to know there are many opportunities for them to capitalize on existing tax breaks," Jensen said.

H&R Block's tax professionals prepare and sign their clients' tax returns, guaranteeing accuracy and the maximum refund. In office preparation services include Second Look® reviews and Block LiveSM, the industry's only video solution. H&R Block At Home™ gives do-it-yourself filers the expertise and guidance of The Tax Institute at H&R Block on their computers, iPads and smartphones. The new My H&R Block Account lets taxpayers upload receipts and other important tax season documents securely, to one place, year-round, for free. The company offers affordable financial products and services through H&R Block Bank, and keeps its offices open and tax conversation going with clients year-round via blogs, tweets and Facebook.

For more information about ways to improve tax outlook, contact a local H&R Block tax professional. To find the nearest H&R Block office, visit www.hrblock.com or call 800-HRBLOCK.