



## Six Tax Myths To Avoid

(NAPSA)—While a professional tax adviser can help you understand what you need to know and do about paying taxes, you can save yourself time, money and trouble if you can already tell tax truth from misconception. Here are a few common but erroneous beliefs—and the reality.

**Myth:** Filing an extension means you don't have to pay in April.

**Truth:** Tax extensions only extend the time you have left to file, not the time you have to pay any taxes owed. If you don't pay up by April 18, interest and penalties can be applied.

**Myth:** You don't have to file on an afterschool job.

**Truth:** Even if you're a student and your parents claim you as a dependent, if you got a high enough income from working part-time, you have to file a tax return.

**Myth:** A big stock market loss means you won't owe any income taxes.

**Truth:** It depends on how big a loss, among other things. Deduction of capital losses against ordinary income is limited to \$3,000 per year. Also, whether you reinvest or receive dividends, they are technically still income and are taxed as such.

**Myth:** Income earned abroad isn't taxable.

**Truth:** If it's income, it's taxable. You have to report all earned income, even if it's earned in some other country.

**Myth:** You don't have to report income paid in cash.



**Don't be fooled by wrong ideas about taxes—that could cost you money.**

**Truth:** See above. If it's income, it's taxable, and you have to report it. You have to report tips, bonuses and dividends, too.

**Myth:** You can easily do your own taxes.

**Truth:** Maybe, but professional preparers know the intricate (and constantly changing) tax laws, regulations and codes and how they can be applied for your benefit and save you money. Enrolled agents, America's tax experts, receive annual continuing education so they know the tax laws and how they can apply to you. Enrolled agents not only specialize in tax preparation and tax planning, they can also represent you before the IRS.

To find an enrolled agent nearby, visit the National Association of Enrolled Agents at [www.eatax.org](http://www.eatax.org) or call 855-880-6232.