

THE TAX PICTURE

Taxpayers Leave Millions Of Dollars Unclaimed ㊦

(NAPSA)—Understanding the ever-changing tax laws can be frustrating and costly for many Americans. Unclaimed credits or deductions cause taxpayers to overpay taxes by an average of \$400 each, according to a report by the General Accounting Office. For many people, extra cash may be just an amended tax return away.

The Internal Revenue Service allows taxpayers to file amended returns originally filed within the last three years. Whether you consult a tax professional or are a do-it-yourselfer, being aware of all the tax breaks you're entitled to means you'll get to keep more of your hard-earned money.

Here are some suggestions from H&R Block to help you make sure you haven't paid too much:

Estimate Your Liability—It's a good idea to calculate your estimated taxes at the beginning of and during the year. Use a withholding calculator, such as the one at www.hrblock.com, to help you accurately estimate your refund or balance due, and then adjust your withholding accordingly.

Look For Occupational Deductions—Many professions, including teaching and law enforcement, qualify for special deductions, such as professional dues and membership fees, subscriptions to professional magazines and continuing education expenses.

Get Advice From a Professional—Many taxpayers aren't aware that they qualify for tax credits or specialized deductions. A tax professional can help you take advantage of some of the most frequently missed deductions and credits, making sure you retain or get back as much of your money as possible. Some examples include:

- The Earned Income Credit (EIC)—a tax credit for lower income workers, which can net taxpayers as much as \$4,140.
- Mortgage interest—though often overlooked by taxpayers, this is fully deductible.
- Job-hunting expenses—unemployed taxpayers may deduct expenses incurred during a job search, which may be particularly relevant this year given the higher unemployment rate.
- Charitable contributions—when tracked, you can deduct the entire amount donated from your taxes owed, up to federal and state limits.
- Itemized deductions—taxpayers should check to see if itemizing their deductions is more advantageous than taking a standard deduction.

Double Check Past Returns—If you believe you have overpaid on a tax return in the last three years, you may be able to get your money back.

H&R Block offers the Double Check Challenge, a free professional review of previously filed returns aimed to identify missed tax breaks. Taxpayers who took the Double Check Challenge in 2003 and filed an amended return received an average refund of more than \$1,500.

“We have found refund money for taxpayers that ranged from \$1,000 to \$151,000 due to missed deductions or credits,” said Rick Rodenbeck, managing director for a division of H&R Block. “Tax breaks help, but only if they are understood and claimed. We want to make sure taxpayers are receiving every tax benefit allowed by law.”