



Young And Taxed: Common Questions For New Tax Filers

(NAPSA)—Along with the first job and a first apartment, another rite of passage into adulthood happens for millions of young Americans each spring: their first time filing their income tax returns by themselves. And although hundreds of millions of Americans have made this transition over the 90-plus-year history of the modern U.S. income tax, it really has gotten more complex to do your taxes than it was even a decade ago.

“The full instruction manual for the Form 1040 is more than 140 pages,” said David Bergstein, CPA, a tax analyst for CCH CompleteTax. “That’s intimidating for anyone, let alone someone filing his taxes on his own for the first time.”

Below, Bergstein outlines what first-time filers need to know:

Do I need to file a tax return?

Assuming you are at least 18 years of age and your gross income is at least \$8,450 (or \$16,900 if married and filing jointly), you generally have to file an income tax return. Even if you do not otherwise have to file a return, you should if you want to get a refund of federal income tax withheld. You should also file if you are eligible for any credits, including a special federal telephone excise tax paid credit.

What information do I need to start to prepare my return?

“Many taxpayers are finding that online tax prep programs offer a very good value in completing their tax returns.”
—David Bergstein, CPA

Among the key materials you should gather:

- Your tax return from last year and your spouse’s if you are married and plan to file jointly
- Your Social Security number and Social Security numbers for your spouse and children, if applicable
- All W-2s, 1099s, mortgage interest statements or other statements related to income
- All statements related to expenses you hope to claim, including charitable contributions
- Your bank’s name and your routing number and account number if you want any refund deposited directly into your bank account.

How should I prepare my return?

Generally, that’s driven by how involved you want to be in the process, how complicated your tax situation is and how much you’re willing to pay to have your taxes prepared. Most individuals rely on a professional tax preparer to

complete their returns, though a growing number of individuals are using online programs to prepare their taxes.

“Many taxpayers are finding that online tax prep programs offer a very good value in completing their tax returns,” according to Bergstein. Taxpayers should use care in evaluating the different options because some programs start with a base price and then tack on additional costs, which can quickly add up. Whether the program provides tax preparation for both federal and state income tax returns, how it presents information and the types of support offered also vary.

“Ultimately, shopping for a tax preparation program is like shopping for any other financial service. You need to ask: Does the service meet your needs with the support you want at a price you can afford?” said Bergstein.

What are my filing options?

Generally, you have two filing options: Electronically file your return or mail a hard copy of your return to the IRS. Increasingly, individuals are electing to e-file, and among the fastest-growing segments of e-filing are self-filers, with 20 million individuals e-filing their own 2005 returns.

You can learn more about preparing and filing your taxes from CCH CompleteTax, an online tax program for the do-it-yourself tax filer at www.CompleteTax.com.