Easy Tax Planning For A Bigger Refund

(NAPSA)—If, like most people, you could use some extra money these days, consider this: Three out of four Americans get an income tax refund from the IRS, and the average direct-deposited refund has totaled more than $2,800 for the last several years. Moving the needle above that average may be done with a little tax planning.

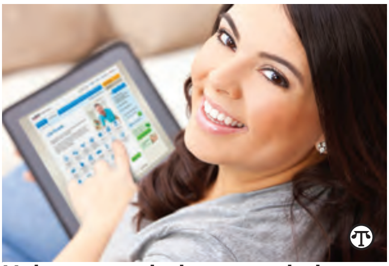
"To see exactly where you still have opportunities to save, do a dry run of your federal tax return," said TaxACT spokesperson Jessi Dolmage. "DIY solutions like TaxACT are already updated with tax law changes so you can estimate your taxes as early as October each year." These hints can help you maximize your refund or lower your tax liability.

1. Remember all your above-the-line adjustments, which are amounts you can deduct from your taxable income. They include college tuition and fees, educator expenses, moving expenses, alimony paid, contributions to a traditional IRA, student loan interest, and health insurance premiums if you're self-employed.

2. Maximize your itemized deductions. Those may include charitable gifts (cash and noncash, such as household items), unreimbursed medical expenses, job search expenses in your present occupation, tax preparation fees, mortgage interest and points paid, qualified mortgage insurance premiums, and personal property and real estate taxes. If you're not sure if you have enough deductions to itemize, tax software can calculate whether claiming the standard deduction or itemizing is more advantageous, with the results typically backed by a maximum refund guarantee.

3. Watch for these commonly missed tax credits, some of which are refundable: Earned Income Tax Credit, Child Tax Credit, Child and Dependent Care Credit and Saver's Credit. If you have college or other higher education expenses, don't forget the American Opportunity and Lifetime Learning Credits.

4. Review your investments to see if offsetting capital gains with losses is appropriate for you. Keep in mind that your tax rate on long-term capital gains may be lower than your rate on short-term capital gains.



Using tax solutions can help you save a lot of money on your taxes.

5. Save more for retirement. While the tax year ends December 31 for most tax benefits, you have until April 15 to max out contributions to traditional and Roth IRAs. Contribution limits for both (as long as neither you nor your spouse was covered for any part of the year by an employer retirement plan) are the lesser of your taxable compensation (wages, commissions, self-employment income, alimony and so on) or $5,500 for 2013 if you're under age 50 ($6,500 if you're age 50 or over). The contribution limit is reduced at higher incomes.

When the time comes to file your return, compare tax solutions carefully. Some brands charge more for returns with tax forms for more complicated situations. On the other hand, TaxACT's free federal solution includes all e-fileable forms for simple and complicated returns.

The program uses simple interview questions to guide you through all your deductions and credits. The amount of your refund or taxes owed updates as you go. Some solutions, including TaxACT, also provide information about the tax implications of health care reform to help you make better-informed health insurance decisions.

General Tax Tips

• Choose e-file and direct deposit for the fastest refund.

• Don't wait until April 15 to file—rushing often leads to errors.

• In the meantime, save all receipts, statements and tax forms in one place. Centralizing your information makes tax time easier and faster.

Learn More

Visit www.irs.gov and www.taxact.com to learn more about these tax breaks. To file your federal return free with TaxACT Free Edition, visit www.taxact.com.