



Tax season can be a stressful time for filers if you are not sure of the correct form to use and are concerned about filing the correct information. This article will provide a quick overview of which form to use for standard situations, recommendations for seeking out tax filing help, and suggestions for what to do with your tax return.

## **Do I have to file and which form should I use?**

File a tax return even if you do not owe taxes or have little earned income. There is no penalty for filing taxes when you don't need to, but there is a penalty for not filing your taxes if needed. Depending on your filing status (single, married, etc.) and the number of dependents, you may qualify for the Earned Income Tax Credit. See [www.irs.gov](http://www.irs.gov) Earned Income Tax Credit (<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit>) to learn about income qualification for this credit. If you qualify, you have to file taxes to receive this credit. The simplest and easiest tax form to complete is Form 1040. Form 1040SR is used for people 65 and older.

## **Tax Filing Assistance**

If your tax return is not going to be complicated, paying someone to complete and file a tax return for you may not be a good use of your resources. Here are three free filing options that can be completed either online or face to face.

1. Use Free File on [IRS.gov](http://IRS.gov) (<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>). The free software guides you through a Q&A format to help prepare your return and claim every credit and deduction for which you may be eligible.
2. Use the Free File Fillable Forms (<https://www.irs.gov/e-file-providers/free-file-fillable-forms>). This option allows you to prepare your forms and to file electronically.
3. Use a free tax preparation service - Volunteer Income Tax Assistance (VITA) is a free tax preparation service available for anyone with an income of less than \$57,000. Other similar services are Military Volunteer Income Tax Assistance (M-VITA) and Tax Counseling for the Elderly (TCE). To find the nearest site, search online at <https://www.irs.gov/Individuals/Find-a-Location-for-Free-Tax-Prep> or call the IRS at 800-906-9887.

Carefully consider tax preparation services that advertise a rapid tax refund, refund anticipation loan (RAL), or any product that involves receiving your refund quicker than waiting for the refund from the IRS. The advance, loan or direct deposit is based on the amount of your refund. Receipt of a product identified as a loan means you will need to pay back the loan. If you have other financial obligations, you may not have the funds from the tax refund to pay the RAL. In addition, there will be fees associated with the application for the advance refund and the loan. Additionally, you will have to pay the fee for the tax preparation service.

Promising receipt of the funds quicker than receiving the tax refund from the IRS is one marketing strategy used for these products. Filing your taxes electronically using the free IRS software or the free fillable forms, and using direct deposit of your refund to a bank account or pre-paid card is as quick as a rapid refund or RAL. In addition, there are no fees for the tax preparation service or to process the loan.

## **Planning to use your refund**

Once you have filed your taxes, make a plan for how you will use your refund. Options for using your refund are savings, paying down debt or getting ahead on expenses for the year.

Use your refund to work toward financial security. Are there times during the year when your income is low or your expenses are high? Are you anticipating a major expense within the year (medical bills, auto repair, expense for children, home repair)? Consider saving your refund to use during that time. Deposit the funds in a savings account or on a prepaid card that you can use when the time comes.

Do you have a debt that is overwhelming you? Can your refund eliminate or make a large dent in the debt? Consider using all or a portion of your refund to pay the debt. This will ease expenses in future months and allow a little more flexibility in your budget.

Another option is to use your refund to pay a regular expense or to get ahead on paying expenses. Stock up on products that you regularly purchase such as paper products, canned goods and other non-perishable items. Purchase items that you know will be used. Purchasing unnecessary items creates clutter and a waste of resources.

Depending on the size of your refund, you may be able to choose a combination of the listed options: Save a little, pay a debt and stock up on necessary items. Avoid spending the refund before you receive the funds. Do not charge purchases or secure a purchase with the anticipated refund. In the few days, it takes to receive the fund from the IRS, review your financial situation to determine the best use of your tax refund.