

Below is information that may be helpful to you during the filing season. Much of this information is also available on the IRS website at:

- 1040 Central - <http://www.irs.gov/individuals/article/0,,id=118506,00.html>
- News Release for January 2012 - <http://www.irs.gov/newsroom/content/0,,id=104345,00.html>
- 2012 Fact Sheets - <http://www.irs.gov/newsroom/content/0,,id=104575,00.html>
- Tax Tips for 2012 - <http://www.irs.gov/newsroom/content/0,,id=104608,00.html>

When to File

This year, **the filing deadline is April 17**, instead of April 15, because of the Emancipation Day holiday in the District of Columbia—even if you do not live in the District of Columbia. Taxpayers who are granted a six month extension will have until October 15th to file.

Tax Law Changes

Tax laws sometimes change, expire or get extended. The list below is not exhaustive, but is a useful reminder as we file 2011 tax returns and plan our 2012 withholding.

- Although most of us can no longer claim the **First-time homebuyer credit**, the law granted certain members of the Armed Forces, certain members of the Foreign Service of the United States, and certain employees of the intelligence community additional time to buy a qualifying home.

Remember: taxpayers may be required to **repay the First-time homebuyer credit**.

- Generally, taxpayers must repay any credit claimed if the qualifying home was sold or if the home ceased to be the taxpayer's main home. Use Form 5405.
 - Generally, taxpayers who claimed the credit for a home purchased during 2008 are required to repay the credit in 15 equal installments, beginning with their 2010 tax return. Use line 59b on Form 1040.
- In most cases, you must **report your capital gains and losses on new Form 8949** and report the totals on Schedule D. If you sold a covered

security in 2011, your broker will send you a **Form 1099-B showing your basis**. This will help you complete Form 8949. Generally, a covered security is a security acquired after 2010.

- The additional **tax on distributions from HSAs and Archer MSAs** not used for qualified medical expenses has increased to 20% for distributions after 2010.
- If you had **foreign financial assets** in 2011, you may have to file new Form 8938 with your return.
- The **making work pay credit has expired**. You cannot claim it on your 2011 return.
- You cannot claim the **alternative motor vehicle credit** for a vehicle you bought after 2010, unless the vehicle is a new fuel cell motor vehicle.
- The **Standard mileage rate** applicable to 2011 for business use of your vehicle is increased to 51 cents a mile (55½ cents a mile after June 30, 2011). The 2010 rate for use of your vehicle to get medical care or to move is increased to 19 cents a mile (23½ cents a mile after June 30, 2011). In addition, beginning in 2011, you may use the business rate for a vehicle used for hire, such as a taxicab.
- A limited **Nonbusiness Energy Property Credit** is available in 2011. This credit generally equals 10 percent (down from 30 percent the past two years) of what a homeowner spends on eligible energy-saving improvements, up to a maximum tax credit of \$500 (down from the \$1,500 combined limit that applied for 2009 and 2010). The efficiency standards for qualifying property have been increased. The cost of certain high-efficiency heating and air conditioning systems, water heaters and stoves that burn biomass qualify, along with labor costs for installing these items. In addition, the cost of energy-efficient windows and skylights, energy-efficient doors, qualifying insulation and certain roofs also qualify for the credit, though the cost of installing these items do not. See Form 5695 and its instructions for details.
- The **adoption tax credit** offsets qualified adoption expenses. Taxpayers who adopt a child may qualify for an enhanced adoption tax credit for tax year 2011. The amount of the tax credit is as much as \$13,360 for 2011. To claim the credit for 2011, both Form 8839 and the required adoption-related documentation must be attached to the federal tax return. For that reason, claimants cannot file electronically. More information is available on www.IRS.gov.
- Several **Education Credits** are available:

- ***American Opportunity Tax Credit:*** This credit is available through 2012. The credit can be up to \$2,500 per eligible student and is available for the first four years of post secondary education. The student must be enrolled at least as a half-time student. Educational institutions are required to file and provide you with a Form 1098-T, Tuition Statement, for each enrolled student.
- ***Lifetime Learning Credit:*** In 2011, taxpayers may be able to claim a Lifetime Learning Credit of up to \$2,000 per return for qualified education expenses paid for one or more students enrolled in eligible educational institutions.
- ***Tuition and Fees Deduction:*** Taxpayers may also be eligible to claim the tuition and fees deduction.

For more information, visit the IRS' [Tax Benefits for Education Information Center](#) or download [Publication 970, Tax Benefits for Education](#) (or can also order it by calling 800-TAX-FORM (800-829-3676)).

Tax Help

Internet: Through the IRS internet site, www.irs.gov, taxpayers can download forms and publications, browse frequently asked questions, and more. [On-line services](#) are generally available by the end of January and include:

- [Order A Transcript.](#) Order your tax return or account transcript online. Spanish version available.
- [Where's My Refund?](#) Check the status of your refund online after 72 hours if you e-filed or 3-4 weeks if you mailed your return. Spanish version available.
- [IRS2Go Mobile App.](#) Use your smart phone to check your refund status or get filing season tax updates. The app is available for free through the iTunes App Store or the Android Marketplace.
- [IRS Withholding Calculator.](#) Estimate the amount that should be withheld from your paycheck for federal income tax purposes.
- [Earned Income Tax Credit \(EITC\) Assistant.](#) Determine whether you are eligible for the EITC and estimate the amount of the credit. Spanish version available.
- [Alternative Minimum Tax \(AMT\) Assistant.](#) Determine whether you may be subject to AMT.
- [Sales Tax Deduction Calculator.](#) Determine the amount of optional state and local sales tax you can claim on Schedule A of Form 1040.
- [First-Time Homebuyer Credit Account Look-up Tool.](#) Provides information needed to accurately report FTHBC repayment obligations on future tax returns.
- [Electronic Filing PIN Request.](#) Get your Electronic Filing PIN, a one-time code used to verify your identity when you submit your tax return electronically. Spanish version available.

- Online Employer Identification Number (EIN). Get your EIN within minutes without picking up the phone or mailing/faxing a paper Form SS-4.
- Interactive Tax Assistant (ITA). This assistant helps answer your tax law questions by walking you through a series of questions.

Toll Free Numbers: The IRS offers free assistance through a set of toll free numbers. Individuals seeking help with a 1040-series return or related issue should be directed to 1-800-829-1040. For business related tax issues, call 1-800-829-4933.

Toll free hours of operation will be 7:00 a.m. to 7:00 p.m., Monday through Friday, local time. (Exception: Hawaii and Alaska will be serviced from 7:00 a.m. to 7:00 p.m., Pacific Time.)

Taxpayer Assistance Centers: For issues that cannot be handled on-line or over the phone, face-to-face assistance is available at Taxpayer Assistance Centers nationwide. Taxpayer Assistance Centers can help with:

- Inquiries or adjustments to tax accounts;
- Questions about IRS letters and notices;
- Payment plans for those who owe and cannot pay the full amount;

Taxpayers can walk in – no appointment is necessary. Those whose circumstances require appointments may call local phone numbers and leave messages on our recorded system. Telephone numbers and locations for Taxpayer Assistance Centers can be found in local telephone directories. In addition, the location, hours, and services offered at each Taxpayer Assistance Center are listed on the internet at www.irs.gov/localcontacts/.

- Virtual Service Delivery. The IRS has begun a pilot program where taxpayers can get assistance through two-way video conferencing. The IRS is conducting a limited roll out of this new video conferencing technology at 10 IRS offices and two other sites. The sites are listed at http://www.irs.gov/pub/newsroom/vsd_article_link.pdf.

The Taxpayer Advocate Service (TAS) describes itself as follows: TAS is an independent organization within the IRS. We help taxpayers who are experiencing economic difficulties, such as not being able to provide necessities like housing, transportation, or food; taxpayers who are seeking help in resolving problems with the IRS; and those who believe an IRS system or procedure is not working as it should. If you believe you are eligible for TAS assistance, you can reach TAS by calling the TAS toll-free number at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

For more information, go to www.TaxpayerAdvocate.irs.gov.

Tax Forms and Publications

The fastest way to get a form is to print it from www.irs.gov.

Tax packages are no longer automatically mailed to individuals or businesses. However, taxpayers may order current and prior year forms, instructions and publications by calling 1-800-TAX-FORM (1-800-829-3676). Requested items will be sent by mail.

Some post offices and libraries also stock IRS tax forms. Participation changes from year to year, so taxpayers should check with the organization before making the trip.

Taxpayer Assistance Centers stock the basic forms and publications. To locate the nearest TAC, go to www.irs.gov/localcontacts.

Return Preparation and Filing

E-Filing results in faster and more accurate return processing, as well as faster refunds. E-File begins January 17, 2012. You can e-file through several different systems:

- **Free File** is a no-cost electronic filing alternative for many individuals with an adjusted gross income of \$57,000 or less. It is a step-by-step interview based format that includes a standardized set of electronic forms that are most commonly used by Free File-eligible taxpayers.
- **Free File Fillable Tax Forms** allow taxpayers (even those whose incomes exceed \$57,000) to fill out and file their tax forms electronically, just as they would on paper. This option does not include an “interview” process, but it does allow taxpayers to enter their tax data, perform basic math calculations, sign electronically, print their returns for recordkeeping and e-file their returns.
- **Do-It-Yourself Commercial Software**: Those who do not use IRS Free File can still e-file with a computer and commercially available software.
- **Professional Return Preparer**: Most professional return preparers are now required to e-file the returns they file for clients. To find the nearest IRS authorized e-file provider, search online at <http://www.irs.gov/efile/article/0,,id=118449,00.html>.

To learn more about IRS *e-file* or Free File, go to www.irs.gov.

VITA / TCE: Free tax preparation is also available thru the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. Volunteers from local community organizations help prepare basic tax returns for low- to moderate-income taxpayers (generally \$50,000 and below) and the elderly. Dates, hours and locations for these free tax preparation sites vary.

- Beginning in February, you'll be able to search on www.irs.gov, keyword VITA, and find the nearest VITA site or taxpayers can call 1-800-906-9887.
- For more information on TCE, call 1-800-906-9887.
- AARP participates in the TCE program with over 7,000 sites nationwide. Visit the [AARP website](#) or call 1-888-227-7669 to find the nearest AARP location.

VITA / TCE sites are listed on the intranet at <http://det0190cpsrpt/sitesearch/Default.aspx>.

Professional Return Preparers: If you pay someone to prepare your tax return, choose that preparer wisely. Taxpayers are legally responsible for what's on their tax return even if it is prepared by someone else. IRS Fact Sheet FS-2012-5 (on www.irs.gov) offers taxpayers advice on how to select a preparer.

Taxpayer Assistance Centers: Taxpayer Assistance Centers are currently planning to offer return preparation assistance to those taxpayers with total income of \$50,000 or less.

Direct Deposit - Whether you file electronically or on paper, direct deposit gives you access to your refund faster than a paper check. It also avoids the possibility of a lost, stolen or undeliverable refund check.

- *Buying Savings Bonds* - Taxpayers can receive up to \$5,000 of U.S. Series I Savings Bonds as part of their income tax refund. Taxpayers can designate anyone to receive a savings bond and also designate a co-owner or beneficiary. For more details, see Form 8888.
- *Split Refunds* - Taxpayers filing most 1040 series returns can split their direct deposit tax refunds among two or three checking or savings accounts, with as many different U.S. financial institutions. This option is available regardless of whether taxpayers file on paper or electronically. To split their refunds, taxpayers use Form 8888.

Extensions: Taxpayers who cannot meet the April filing deadline should file a Form 4868, *Application for Automatic Extension of Time to File*. The extension provides most taxpayers until October 15, 2012, (an additional six months) to file a return. An extension of time to file is NOT an extension of time to pay.

Refunds

This year, following technology improvements, the IRS will issue many refunds more quickly. Those who e-file and select direct deposit may see their refunds in as few as 10 days. Whether filed electronically or on paper, the IRS issues the vast majority (more than 9 out of 10) of all refunds in 21 days or less. These are "best-case scenarios," where tax returns are filed accurately and no review or

correction is required. In addition, the IRS is increasing scrutiny of tax returns to prevent fraud. This additional screening can delay delivery of a refund.

Payment Options

You can pay by check, money order, credit or debit card, or EFTPS. For details on electronic payment options see

<http://www.irs.gov/efile/article/0,,id=97400,00.html>.

Taxpayers who file electronically can e-pay in a single step by authorizing an electronic funds withdrawal or by credit or debit card. For paper-filed returns, taxpayers can pay by phone or Internet using a credit or debit card.

Electronic Funds Withdrawal: There is no IRS fee for this service. Electronic funds withdrawals cannot be initiated after the return is filed.

Credit Cards: Payments may be made electronically through tax preparation software or a credit card payment service provider (via phone or Internet). The companies that have contracted to provide credit card services impose user fees. Credit card payments can be used for some past-due taxes. Most major credit cards are accepted.

EFTPS: a tax payment system provided free by the U.S. Department of Treasury. Pay all kinds of federal taxes electronically, on-line or by phone, 24/7. Visit www.EFTPS.gov to enroll.

Online Payment Agreement: Many individuals who owe federal income taxes can apply online for a payment agreement. The Online Payment Agreement application provides an easy way to resolve tax liabilities voluntarily. For details, see <http://www.irs.gov/individuals/article/0,,id=149373,00.html>.

Installment Agreement User Fees: User fees for installment agreements are currently:

- new direct debit installment agreements, \$52.
- other new installment agreements, \$105.

The IRS may reduce the fee for new installment agreements submitted by low-income taxpayers. Information about requesting a reduction will be included with the installment agreement acceptance letter sent to the taxpayer.

IRS.gov has a list of **“What If?” scenarios** that deal with payment and other financial problems. These scenarios, in question-and-answer format, provide information on specific actions taxpayers can take. Taxpayers unable to pay in full can likewise contact the IRS to discuss additional options to pay. See <http://www.irs.gov/newsroom/article/0,,id=201853,00.html>