COMMON TAX MISTAKES TO AVOID

Filing the income tax return is usually a stressful event for most Americans. To make matters worse, every year several taxpayers make costly errors and mistakes resulting in a diminished or delayed refund. Help alleviate your stress and ensure you don't fall victim to most of these common mistakes discussed below.

1. Using a pen and paper. Roughly 10 percent of filers continue to fill out their returns the old-fashioned way: by hand. Doing so makes you more susceptible to math errors or simple mistakes, like forgetting to sign and date your forms. Tax software programs and e-filing are designed to eliminate these easy mistakes. In addition, filing your return electronically (e-filing) allows you to submit your return more quickly and you are less likely to fall victim to identity theft. The Fort Benning Tax Center uses sophisticated tax software (TaxWise) and e-files all returns.

2. Choosing the wrong tax preparer. If you decide to invest in professional help, remember that there's no licensing requirement for someone to call him or herself a tax preparer. This is contrary to what most people believe. To be safe, look for someone who's either a certified public accountant (CPA) or an enrolled agent (EA); both must take ongoing exams to prove their knowledge of the tax code.

3. Waiting too long to get started. Missing the April 15 deadline is not advised and should generally be avoided, so you should start preparing and gathering your documents no later than March. Once you are positive you have the necessary documents, you should attempt to file right away; early filers get their refunds more quickly. Also, starting early gives you a time cushion if you discover missing documents or need to verify information.

4. Selecting the incorrect filing status. It's not uncommon for filers to use the wrong filing status. Choosing the wrong filing status can be a costly mistake and could end up costing you thousands of dollars. For instance, filing as "Single" instead of "Head of Household" is a difference of $6,150 in your standard deduction. Additionally, filing as "Married Filing Separately" eliminates certain credits and deductions to which you otherwise would be entitled to help reduce tax liability.

5. Assuming you shouldn't itemize. Oftentimes, mortgage-free homeowners or renters assume that since they don't have a home loan, it's not worth itemizing. Simply taking the standard deduction, however, can be a costly mistake. Before making that assumption, you or your tax preparer should figure your potential itemized deductions such as state and local taxes, charitable contributions, and medical expenses that exceed 10 percent of your income to see if they're worth more than that deduction.

6. Failing to double-check your work. Computer programs are great at catching math errors, but they won't know if you've put your Social Security number in wrong or incorrectly transferred numbers from

your W-2. Print out your returns before pressing the “send” button and double-check all your numbers for human error.

7. Not properly safeguarding your private information. Tax-related identity theft is a growing problem. In 2018, the IRS reported that identity theft affected 14.4 million taxpayers. In order to reduce the risk of identity theft, the IRS suggests not using public computers or open networks, not emailing your returns to anyone, and filing as early as possible.

8. Forgetting to keep a copy of your return. If you’ve lost your copies, the IRS will send one to you for $50, so it’s worth holding onto your own copy. You’ll need to keep one on hand for at least three years in case of an audit, but you may also have to produce a copy to a potential mortgage lender or someone else examining your financials. Plus, having old returns helps keep track of income and deductions you might be missing or have forgotten about.

9. Keeping inadequate records throughout the year. It’s a lot harder to reconstruct deductible expenses at the end of the year than it is to organize your receipts as they come in. Plus, you’ll need documentation supporting any deductions if the IRS ever decides to audit your returns. In addition to business and medical expenses, keep detailed records of any charitable donations you make. Any donation worth $250 or more requires a receipt from the organization. It must include: 1) Organization’s name; 2) Organization’s address; 3) Organization’s phone number; 4) Date of donation; 5) Description of donation and estimated value OR Amount of monetary contribution, and whether you received anything in return for the contribution. (If you did receive a gift or service, you’ll need to subtract its value from the amount you contributed).

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