Still Need to File Your Taxes? Read These Last-Minute Tips

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The instruction booklet to complete the IRS Form 1040 is 175 pages long, and there were more than 300 changes to the tax code last year. Add a tough economy and it's no wonder taxpayers put off filing their returns.

For those still needing to file their 2009 taxes, H&R Block offers a few last-minute tax tips for navigating some of the tax law changes.

Life changes can equal tax savings

Several changes to the tax code this year parallel life changes made by taxpayers. Overall, the changes help in five areas:

- Workers
- Homebuyers
- Parents
- Higher education students
- In the garage

Workers

Ninety-five percent of taxpayers automatically started taking home more money in their paychecks last year thanks to a change in the IRS federal income tax withholding tables, triggered by the Making Work Pay Credit.

However, some taxpayers could be in the "danger zone" of not having enough taxes withheld, which could potentially cause a small balance due. These taxpayers could be in the danger zone:

- Married couples with two incomes
- Individuals with multiple incomes
- Retirees who have taxes withheld from a pension or who work and receive Social Security benefits
- Individuals who work and can be claimed as a dependent on someone else's tax return.

The credit, which taxpayers claim when filing their 2009 returns, could mean up to $400 for individuals and $800 for couples in 2009 and 2010.

Phase-outs of the credit start at modified adjusted gross income of $75,000 for single filers and $150,000 for those married filing jointly. It's completely phased out at $95,000 for singles and $190,000 for those married filing jointly.

Homebuyers

More homebuyers will get tax relief thanks to changes and expansions made to the homebuyer credit. These are three major provisions of the credit to keep in mind:

- A tax credit worth up to $8,000 for first-time homebuyers
- A tax credit worth up to $6,500 for certain long-term homeowners who purchase a replacement home
- A new closing deadline for first-time and repeat homeowners of April 30, 2010 (extended from Nov. 30, 2009)
- Also, a special provision allows taxpayers to qualify if they've entered into a binding contract on or before April 30, 2010 and close before July 1, 2010.

Special rules apply to military personnel on active-duty assignment.

Parents

The Additional Child Tax Credit was expanded under the Recovery Act, allowing families who don't fully benefit from the nonrefundable Child Tax Credit to begin qualifying for the additional credit if their earned income is over $3,000. This change can translate into a refundable credit of up to $1,000 for each qualifying child under 17 – even if the taxpayer has no tax liability.

The Recovery Act also increased the Earned Income Credit (EIC) for families with at least three or more children, where previously EIC benefits were capped at two children. The credit also increased the beginning of the phase-out for those married filing jointly. That's good news for parents regardless of the number of children they have.

Higher education students

Taxpayers getting a higher education or supporting a dependent in college should be aware of several tax credits and deductions. More taxpayers will be able to qualify for the American Opportunity Tax Credit, with a new, partially refundable $2,500 tax credit for college tuition paid in 2009.

Computer, hardware and software costs are now qualified education expenses under Section 529 Education Plans, which are tax-advantaged college savings plans. Previously, eligible expenses included only tuition, room and board, books, supplies and equipment required for attendance.

In the garage

Taxpayers may have received a great deal on a new car in 2009 – especially if they took advantage of the Cash for Clunkers Program – and they'll also want to take advantage of a sales tax deduction on their taxes.

Those who purchased a new car, motorcycle or even motor home may be able to deduct the state and local sales and excise taxes paid on their purchases. The vehicles must have been purchased between Feb. 17 and Dec. 31, 2009.

Get a second opinion

Taxpayers who already submitted their 2009 returns but are concerned they weren't prepared correctly can have them reviewed by an H&R Block tax professional for a Second Look Review. A qualified tax preparer will confirm accuracy, ensure all eligible credits and deductions were claimed, and offer advice if any variances are found.

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