

6 Common Tax Mistakes To Avoid

It's that time of year again! Get ready to break out the calculator and pencils; dig out the enormous pile of receipts, tax forms and pay stubs, and get to work. Drowning in paper and getting numb from all those numbers? Take heart! As soon as you've got it all organized and filed, you don't need to think about your taxes again until next year.

Don't be too hasty, though. You don't want to wind up making a mistake that'll delay your refund, make you accountable for a fee or, even worse, force you to do that dreaded paperwork and math all over again!

Whether you choose to go it alone, use a tax-prep computer program or hand it all over to an accountant, begin by checking out our handy list of common mistakes people make on their taxes.



1.) Faulty math

Believe it or not, one of the most common errors on filed taxes is simple math mistakes. A small miscalculation can throw off all your numbers and get you into trouble with the IRS. Using an online program or a number-loving accountant may mitigate this problem, but it won't assure you of anything. However you choose to prepare your taxes, be sure to triple-check all the math before filing.

2.) Name changes and misspellings

When preparing your taxes, you're thinking numbers. It's true that most of the information you're submitting is in numerical form, but don't forget to pay attention to everything else on your form! Details matter, and if you use a name that's different than the one the IRS has on file for your Social Security number, your refund may be delayed or not processed at all. Similarly, if you spell your name wrong, it won't match the one the IRS has in its system and it could mean trouble for you and your taxes.

If you've recently changed your legal name because of a marriage or divorce, be sure to let the Social Security Administration know. Otherwise, remember to use the correct spelling of your legal name on all your tax forms. Review every form carefully before filing to avoid frustration later.

3.) Omitting extra income

Detailing your earnings from your day job is a given when preparing your taxes. Most of us even remember to include bonuses and extra commission earnings. But many people neglect to include other sources of income, such as freelance work, moonlighting as a consultant and any other side work they may have done throughout the year. If you've taken any side jobs in 2017, be sure to fill out a 1099-MISC and to file it along with your taxes.

4.) Deducting funds donated to charity

Everyone knows you can write off charitable donations as a deduction, but many people aren't sure how to go about taking this step. Charity laws are complicated! First, only donations given to an organization with a tax-exempt status can be deducted from your taxes. Second, if you've donated food items or used clothing, they had to have been in decent shape to be eligible as a write-off. Finally, calculate the value of your non-monetary donations according to what they would be worth if you'd sell them now. Don't forget to include those charity tax receipts when you file!

5.) Using the most recent tax laws

Unless you've been hiding in a cave for all of 2017, you know that the current administration has made some major changes to the tax code. While most of these changes won't take effect until April 2018, when you file your first taxes for the new year, and even later if you don't file quarterly.

There are some changes that are effective for this year, though, including the following:

- The standard deduction increased to \$6,350 for single, \$9,350 for head of household, and \$12,700 for married filing jointly.
- The maximum earned income tax credit increased to \$6,318.
- The maximum income limit for the EITC increased to \$53,930.
- The foreign earned income deduction increased to \$102,100.
- Annual deductible amounts for Health Savings Accounts increased for individuals only, to \$3,400.

When preparing your taxes, be sure to file according to the most recent laws.

6.) Signing your forms

Last, but definitely not least, don't forget the most basic step of signing your name! If you're filing through USPS mail, be sure to put your John Hancock wherever necessary (and get a receipt for it.) If filing online, you can use a PIN instead. Most signature lines will need to be dated as well.

Read through all of your forms before submitting to be sure you haven't neglected anything or made mistakes. Being super-careful now will help you avoid any future aggravation. And best of all, this way, when you're done filing, you can finally kiss that paper mountain goodbye!

Your Turn: Have you ever made a major blooper on your taxes? Share it with us so we can learn from your mistake!

SOURCES*:

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