

Demystifying Tax Preparation: Online and In-Person resources

Presented for CCCG by Vera Hendricks,
February 2025

Tax Return Basics for TY2024

- Due May 1, 2025 for Florida Residents (most of the country has to file and pay by April 15th)
- Amend returns for Ian, Debby, Helene and Milton
 - Can amend electronically for 2 prior years (TY2022 and TY2023)
 - Amend for the year when you know your losses (i.e. when you've settled with the insurance company)
- Relatively minor changes for this tax year except for declared disasters
 - Most changes are due to continuation of reduced penalties for early distributions, 1099-K (Payment Card and Third Party Network Transactions), routine increases in standard deductions, qualifying relative income, mileage rate, etc.

This presentation is for information purposes only. It is not Tax or Legal Advice.

Tax Law Changes for TY2024

- 1099-K have been or will be issued by Venmo, Paypal, etc (but not Zelle):
 - ▶ TY 2023 threshold of \$20,000 or 200 transactions.
 - ▶ \$5,000 TY 2024
 - ▶ \$2,500 TY 2025
 - ▶ \$600 TY 2026 and later
- Medicaid Waiver Payments excluded from income via W-2 new Box 12 code II ([Notice 2014-7](#))
- Form 5329, Additional Taxes on Qualified Plans (& IRAs): two new codes for the exceptions to additional tax on early distributions for domestic abuse victims and emergency personal expense distributions, effective for distributions made after 12/31/2023
- H.R.5863 - Federal Disaster Tax Relief Act of 2023: The new law allows individuals impacted by hurricanes and other federally declared disasters to claim casualty losses on their taxes without the need to itemize deductions. Additionally, losses no longer have to exceed 10% of a claimant's adjusted gross income to qualify. If self-preparing, make sure you (or your software) includes form 4686 (<https://www.irs.gov/forms-pubs/about-form-4684>)
- Cannot buy savings bonds with refunds

Ways to Prepare Tax Returns and File for Free

- Directly through IRS
 - Fillable Forms: <https://www.irs.gov/e-file-providers/free-file-fillable-forms>
 - Any income
 - You do the work
 - Limited assistance and calculations
 - Direct File: <https://directfile.irs.gov/>
 - Limitations for incomes over \$125K
 - Designed for simple situations (W2, Interest/Dividends, Social Security, take only Standard Deduction).
 - Retirement income is mostly NOT supported
 - Do not use for College Tuition, Energy Efficient Updates, or Adoption Expenses
- Through IRS partners
 - <https://www.irs.gov/filing/irs-free-file-do-your-taxes-for-free> (Covered on Next Slide)
- With Volunteer Preparers (Covered Later in this presentation)

Preparing Returns through IRS Partners/Commercial Software

- Many major tax software providers offer a free tier of tax preparation software for people with simple tax situations. These packages may be different from what's available via IRS Free File if the provider participates. Some common ones that have Free Online versions include:

- H&R Block: <https://www.hrblock.com/online-tax-filing/free-online-tax-filing/>
- TaxAct: <https://www.taxact.com/>
- TurboTax: <https://turbotax.intuit.com/personal-taxes/online/>
- TaxSlayer: <https://www.taxslayer.com/>
- FreeTaxUSA: <https://www.freetaxusa.com/>

- For comparison of the top 4 see <https://www.nerdwallet.com/article/taxes/free-tax-filing-how-to-file-taxes-for-free> . Typically (but not always), these packages are well suited for people who only have income from one job and aren't itemizing deductions on their tax returns.

Free In-Person or Assisted Preparation and Filing

- ▶ **Volunteer Income Tax Assistance (VITA):** federal grant program that helps community organizations provide free tax preparation to low- and moderate-income individuals, disabled people, older Americans and limited-English speakers. Generally, the income limit to qualify for free tax help is \$67,000.
- ▶ Volunteer tax preparers may not have a certified public accountant (CPA) or enrolled agent (EA) designation, but they are still held to a high standard of integrity. In fact, they must successfully finish a tax law competency training program to legally prepare returns. Your return will also be reviewed by a more advanced volunteer following initial completion.
- ▶ If your tax situation is complicated, VITA services might not be the right fit for you. For example, volunteers won't prepare Schedule C with losses (sorry, freelancers), complicated Schedule Ds (sorry, investors) or Casualties & Theft Losses (Form 4684: <https://www.irs.gov/forms-pubs/about-form-4684>)
- ▶ **Locate VITA sites:** <https://irs.treasury.gov/freetaxprep/>

Free In-Person or Assisted Preparation and Filing (Cont.)

- ▶ **AARP Foundation Tax-Aide:** https://www.aarp.org/money/taxes/aarp_taxaide/
- ▶ Most Tax Counseling for the Elderly (TCE) sites are operated by Tax-Aide
- ▶ Same or more rigorous certification of volunteers as VITA
- ▶ Slightly larger scope (i.e. no income or age limit)
- ▶ Free support if you want to prepare yourself. To prepare your own taxes online, you can request help from a volunteer counselor to coach you through the process using your own computer while screen-sharing. Tax-Aide also provides taxpayers with access to free software to prepare taxes totally on their own.
- ▶ Free Charlotte County In-Person locations are Centennial Park Rec Center (1185 Centennial Blvd, Port Charlotte, FL 33953) and Punta Gorda Library (401 Shreve St, Punta Gorda, FL 33950)
 - ▶ Punta Gorda library appointment hours: M, T, W 11am-2pm (closed 2/17)
 - ▶ Centennial Park appointment hours: Thur, Fri 10am - 1pm. Also Sat 2/22 and 3/22
- ▶ Make an appointment by visiting a site or calling 941-267-9205
- ▶ Don't have to be a member of AARP to get tax help or to volunteer