

TAX TALK



STAFF PHOTO BY MATT OOLEY/mooley@thejournalnet.com

Tax preparers say many people are qualified to file their taxes using instruction booklets like the one below, but they should know when to consult a professional about questions that could affect the amount of their return.

• Tax

(CONTINUED FROM PAGE C1)

The most important part of filing taxes for Edwards or anyone: The person entering your information on a tax form or in a computer program must know what they are doing.

People who chose to go it alone have to realize when it all gets too confusing, said Steve Scales, district manager for H&R Block.

"We all think we're better than what we really are at this," he said.

People who do their own taxes should research new rules and

changes and know what information is important for their return, said John Grant, a certified public accountant with Sherman & Armbruster in Greenwood.

Edwards' choice to file her taxes electronically is a common one, Grant said.

But computer programs are only as accurate as the person entering the information. If someone switches some numbers or does their own math incorrectly, the program won't come up with the right figures, he said.

A Greenwood man who wanted to finish his taxes quickly without spending a lot of money found a computer program was his best bet.

J.R. Manis bought a program for about \$30 and did his taxes in about an hour. He expects his return within days, he said.

Other filers prefer to let someone enter all those numbers.

Jeff Ryman of Indianapolis used a computer program before but didn't like it. He would rather watch someone prepare his taxes.

Taxpayers who have little more than a W-2 and a house don't need to pay someone to file their taxes, Grant said.

The process gets more confusing for business owners and people with large investments. Often they will have an accountant do their taxes, Grant said.

Jason Debo goes that route.

The Greenwood resident has too many deductions to keep it all straight, he said, so he saves his receipts and brings all the forms in an envelope to his accountant.

Debo realized years ago his taxes were too difficult for him to figure out and decided to let a professional deal with it, he said.

Most of Grant's work involves handling taxes and finances for people like Debo. But people also come to him with only their W-2 and a bank statement just to have someone else check the figures, he said.

For small questions on simple returns, Grant has a suggestion for people reluctant to run to an accountant: Look up information from the Internal Revenue Service online at www.irs.gov. The site has become much easier to understand in recent years, he said.

MONEY TALKS

What's different and what's coming up

Tax-forms changes could affect you.

THE DEFINITION OF A DEPENDENT CHANGED this year. Most people will not be affected by the change. The government changed the requirement to one single definition, which says the dependent must be related to the taxpayer and not be able to claim themselves.

ANOTHER CHANGE is how to claim a

donation of a car. In the past, the value of the car was listed as the blue book value. Now filers must claim the amount a charity received for the car if it was sold or the actual value the charity uses for the car.

NEW FOR 2006 is an allowance to claim the cost of home improvements that improve energy efficiency, such as new doors and windows. Save your receipts.

What to bring with you

Forms and receipts you need for filing with a tax preparer or on your own.

W-2 — Income statement for the year that describes how much you made and the taxes you paid.

BANK OR MORTGAGE LENDER STATEMENT — Form you receive from your lender that tells how much interest you paid on your home loan.

INTEREST ON STUDENT LOANS — Information can either be mailed to you or checked online. It tells you how much interest you paid on student loans.

FORM 8332 — Form you need to claim a dependent of whom you do not have cus-

tody. The form must be signed by the custodial parent for you to claim the dependent and get the exemption.

RECEIPTS — From purchases you are allowed to claim, such as school supplies for a college student or mileage for work-related trips.

CHARITABLE CONTRIBUTIONS — People who donate to hurricane victims, charities or their church should keep a record of each donation.

MEDICAL EXPENSES AND MILEAGE — Taxpayers can claim their monthly health insurance premiums, medical mileage and bills if it meets or exceeds 7.5 percent of their income.

How to do better next year

What to save and pay attention to.

MEDICAL EXPENSES — Monthly insurance premiums, medical bills and mileage to doctor appointments are tax deductible if they exceed 7.5 percent of your income. Medical bills should be saved for the year. Most people forget to include this.

CHARITABLE CONTRIBUTIONS — People often forget to save receipts of what they give to churches on a weekly or monthly basis.

MILEAGE — If you use your personal car for work and are not reimbursed by your

employer, your mileage is tax deductible. Start keeping a log on mileage now.

GET ORGANIZED — File your receipts and forms based on the breakdowns of the government forms: exemptions, income, adjusted gross income, tax and credits, payments and a miscellaneous category for the items you're not sure fit but think you should save anyway.

SAVE YOUR FORMS — No one wants to think of being audited, but it could happen to any taxpayer. Save tax forms and receipts for at least three years.

SOURCES: Steve Scales, district manager, H&R Block; and John Grant, accountant, Sherman & Armbruster



PET OF THE WEEK

Angel

Angel is a 4-month-old border collie mix who lives up to her name. She loves giving kisses and receiving belly rubs.

She gets along well with children and other dogs. She and her siblings would make great family dogs.

All pets up for adoption have been vaccinated and wormed. The \$100 adoption fee includes a 50 percent discount on dog obedience classes.

Call the Humane Society of Johnson County at 346-7001 for an adoption application.



Jazz up a Saturday with wine

Daily Journal staff report

The third annual "Wine, Cheese and All That Jazz" will take place from 7 to 9 p.m. March 11 at the Johnson County Museum of History, 135 N. Main St. in Franklin.

Live jazz music, cheese and Indiana wines from Mallow Run, Oliver and Grape Inspirations wineries will be featured. Blue Thunder Entertainment will provide the music.

Cost is \$25 per person in advance and \$30 at the door. The event is for adults 21 and older. Proceeds benefit the museum and the Johnson County Historical Society.

Reservations: 736-4655



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