

Early income-tax filing not the best deal

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The early bird doesn't always get the worm. Moreover, said a consumer-finance expert in Penn State's College of Agricultural Sciences, being in a hurry to file your federal income tax forms in pursuit of a quick refund isn't always the best idea.

Tax-filers eager to receive their federal income tax refund can use the services of commercial, for-profit tax preparers as early as December and thus get a jump on receiving their refunds. Robin Kuleck, consumer-finance educator and director of Penn State Cooperative Extension in Elk County, points out that using this method can have some drawbacks.

"Commercial preparers can complete your income tax return early because they use the data recorded on your last paystub of the year," Kuleck said. "However, this data may be incomplete because your paycheck doesn't show your family's entire financial picture.

In fact, companies that issue certain 1099-MISC forms -- as well as brokers, brokerage firms, and mutual fund companies that issue Forms 1099-B -- have until Feb. 15 to issue these forms, which are required to accurately complete your various tax returns, Kuleck noted.

"As you rush to be the early bird, what may happen is that you'll pay for return preparation and you also may decide to accept a refund anticipation loan, which carries an additional fee," she said. "By late February you then may receive additional information necessary for an accurate tax return. You will be required to file an amended return that includes this new information, and -- you guessed it -- pay yet another fee."

So, how do you go about filing an accurate return while avoiding or minimizing preparation fees? Kuleck said it starts with developing a good record keeping system, and knowing what is important to keep. IRS Publication #552, "Recordkeeping for Individuals" answers many common questions.

Families earning less than \$49,000 per year are eligible for free income tax assistance through such IRS-sponsored programs as the Volunteer Income Tax Assistance (or VITA) program and the AARP Tax Counseling for the Elderly program. You can locate local VITA sites by visiting the IRS website at www.irs.gov (key word "VITA") or by calling 800-906-9887. Computer-savvy taxpayers can complete their own taxes using free online software.

"Pennsylvania has arranged with some software companies to provide free or low-cost state and federal [income tax](#) return preparation to individuals who meet certain requirements," Kuleck said. "There's more information about e-filing at the Pennsylvania Department of Revenue website; click on the "individual" link. Always save a paper copy of your tax returns and supporting documents in your permanent home files -- an

important element of your home record keeping system."

More information: More tips and strategies for making the most of your federal and state tax returns are available at the Penn State Cooperative Extension "[Your Money Your Taxes](#)" website.

Provided by Pennsylvania State University

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