

Review: Software extras ease do-it-yourself taxes

January 25 2012, By EILEEN AJ CONNELLY , AP Personal Finance Writer



Customer looks at a copy of TurboTax on sale at Costco in Mountain View, Calif., Tuesday, Jan. 24, 2012. The software available for the 2012 tax season has been both beefed up and made easier to use. This will make the annual chore quicker, and lessen the chances of the missing big deductions and important tax credits. Close to 40 million taxpayers prepared their own returns online last year. (AP Photo/Paul Sakuma)

(AP) -- It's never been easier to prepare your own tax return.

The software available for the 2012 tax season has been both expanded and made easier to use. This will make the annual chore quicker and reduce the chance of missing big deductions and important tax credits.

Close to 40 million taxpayers prepared their own returns online last year. That's up 14 percent from 2010 and nearly 24 percent from 2009, according to the Internal Revenue Service.

Still, more than 33 million returns were submitted on paper forms in 2011, meaning there's still a large target market for [software providers](#). Whether you're an old hand or trying e-filing for the first time, you'll find an array of software choices:

TurboTax

- Basic level starts at \$19.95.
- Online and desktop versions available.
- Apps available for iPad, iPhone and [Android](#) phone.
- Live help available via phone and online chat.

This market-leading program is user-friendly and easy to navigate. That's a big plus for anyone who may be a little uncomfortable handling financial paperwork. It uses multiple graphics to depict various categories of deductions, such as a small house for mortgage, property taxes and related deductions and a graduation cap for education-related items.

It also asks simple questions that lead you to various points on the return and to additional forms to possibly include, without making it obvious what's happening.

Do-it-yourselfers who used [Intuit](#) Inc.'s TurboTax in past years should be able to call up their information from prior years when they log in. TurboTax also can grab prior-year return information from your

computer if you used another company's software. The software compares results between years, which is another way to ensure you don't miss any deductions or credits you may qualify for.

TurboTax has added free live advice from tax professionals, through which you can ask questions via online chat or by telephone. It also still has its popular "community" questions and answers link.

Along with the free version, TurboTax has pricing tiers depending on an individual's needs. The basic level is \$19.95 for a federal return. Prices rise to the Home and Business version for \$74.95. Besides its online offerings, TurboTax software may also be purchased off the shelf at major office supply chains and other stores, starting at \$29.99.

The company also is pushing its prepaid card as a way to receive your refund via direct deposit. If you choose to use it, you'll be entered into a contest to double your refund. The card comes with a \$5.95 monthly fee unless you keep a balance of at least \$50. It offers just one free ATM withdrawal per month and carries several other potential fees.

H&R Block At Home

- Basic level starts at \$19.95.
- Online and desktop versions available.
- Apps available for iPad, iPhone and Android phone.
- Live help available via phone.

Still the nation's largest tax preparer, H&R Block Inc. made some gains on TurboTax last year with its online offerings. Its new software is easier to use than in the past, with simple guidelines and questions to help

taxpayers navigate their returns.

Block's presentation is more businesslike, with fewer graphics and icons. Like its rival, it has numerous spots where you can choose to go it alone or rely on built-in guidance to ask questions about various deductions and credits.

The company this year also is introducing "Block Live," online prep done by one of its tax professionals using video chat. A simple federal form is free, and a standard 1040 starts at \$99. State forms start at an additional \$39.

A hybrid version called "Best of Both" allows you to complete your returns on your own time, then submit it to Block for a professional review. That extra level of service costs \$79.95.

Returning customers may have their personal information loaded from past returns. The software is capable of extracting information from other software, if it is stored on your computer.

Like TurboTax, Block has a prepaid card for customers who don't have bank accounts and want to receive their refunds via direct deposit. Through Feb. 4, the company will allow its Emerald Card users to deduct the cost of their federal tax prep from their refunds at no charge.

Emerald Cards do not carry a monthly usage fee, but charge \$2.50 for each ATM withdrawal and \$1 for balance inquiries or denied withdrawals.

TaxAct

- Wide variety of free forms; basic level starts at \$9.95.

- Online and desktop versions available.
- Apps available for iPad, [iPhone](#) and Android phone.
- Live help available via phone.

The third most popular software also is simple and easy and has the added appeal of showing you images of actual tax forms at certain stages in the process. For taxpayers who are used to preparing returns on paper forms, being able to see a 1040 or a Schedule A may help ease the transition to electronic filing.

Like its rivals, the software can transfer key data from last year's return even if it was prepared on another program.

TaxAct offers help answering questions via email and free phone help for those who buy the product. Free Edition users can email questions for free or purchase unlimited phone assistance for \$7.95. Unlike some of the other free offerings, TaxAct offers forms for more complex returns in its free federal edition as well.

Like the others, a prepaid card is available. It can be loaded with the refund, minus the cost of the software. The card comes with a hefty \$16.95 startup fee and charges \$1.95 per ATM withdrawal.

Before you pay for software, you should determine if you qualify to file your federal return for free. Taxpayers with an adjusted gross income of \$57,000 or less in 2011 may choose software from 15 companies through the IRS Free File program. About 3 million people used Free File last year, but the IRS said 70 percent of taxpayers, or about 100 million, are eligible.

Free File software options include the most popular brands, TurboTax and H&R Block. Most of the participating companies also prepare state returns for free; some charge an additional fee. Details and links to the available software can be found at <http://www.freefile.irs.gov> .

It's also possible to file simple federal returns for free, mainly 1040EZ forms, using the websites of TurboTax, H&R Block, TaxAct, Liberty Tax Service's e-Smart Tax and Jackson Hewitt Tax Service Inc. All charge a fee for state returns, ranging from \$19.95 with Liberty's e-Smart software to \$27.95 with TurboTax.

One boon to using at-home software is that users can start and stop the process. This is particularly helpful for those who want to file early but are still waiting for W-2 and 1099 forms. Taxpayers can enter the details as their paperwork arrives, then file when their return is complete.

All of the major [software](#) options allow customers to start preparing their returns for free and only charge a fee when the return is filed. That makes it easier to compare different offerings to see which is the most comfortable to use.

More information: Free File program: <http://www.freefile.irs.gov>

TurboTax: [http:// www.turbotax.com](http://www.turbotax.com)

H&R Block: [http:// www.hrblock.com](http://www.hrblock.com)

TaxAct: [http:// www.taxact.com](http://www.taxact.com)

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