

Earned Income Tax Credit

The Earned Income Tax Credit is a credit for certain people who work. A tax credit usually means more money in your pocket. It reduces the amount of tax you owe. The EITC may also give you a refund. Ask your tax preparer for more information.

Watch out for common errors!

- Claiming a child who is not a qualifying child
- Filing as single or head of household when married
- Reporting income incorrectly
- Using incorrect Social Security numbers

The Comptroller of Maryland offers Taxpayer Assistance

You can e-mail your tax questions to taxhelp@comp.state.md.us (please include your name, address and the last four digits of your Social Security number in your e-mail message) or call 1-800-MD TAXES or 410-260-7980 from Central Maryland. Telephone assistance is available 8 a.m. - 5 p.m., Monday through Friday.

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What you should
know *before* filing
your tax return



MARYLAND
Association of
CPA^S

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What you need to know about the person you hire to do your tax return

How long have you been preparing tax returns?

What is your experience?

Your tax preparer should have credentials, training and experience to prepare tax returns. Ask for references or to see documentation.

Will you provide a receipt that states the charges for each tax return?

The cost of preparing your return should NOT be based on the amount of your refund. There should be a standard fee and should be discussed PRIOR to the tax preparer assisting you with your return. Most importantly, **do not** use a tax preparer that **guarantees a refund** or arranges to have your refund sent to an address that is not yours.

Will you provide me with a copy of my completed tax return and return any original documents I provided?

The tax preparer should provide you with a copy of your completed, signed return and any original documents you submitted.

Will you provide an address and phone number where you can be contacted during the year?

A trustworthy tax preparer will offer you contact information and continued support during the year. Find another tax preparer if yours does not. If possible, obtain a reference from a friend or trusted advisor for an experienced, reputable tax preparer.

Will you be signing my tax return as the preparer?

A paid tax preparer must complete the preparer section and sign the preparer line at the bottom of the tax return, near your signature. A tax return should not say “self-prepared” if you are using and paying a tax preparer.

Will you be available to represent or advise me if I am audited?

If you receive a letter from the IRS or other state agency, and are asked to respond, you MUST respond. Only attorneys, CPAs and enrolled agents can represent taxpayers before the IRS in all matters, including audits,

collection actions and appeals. Other preparers may represent taxpayers only in audits regarding a return that they signed as the preparer.

What you need to know about your tax return

What do I need to bring to my tax preparer?

- 1) A copy of the previous year's tax return
- 2) Any W-2s, 1099s, and receipts for charitable contributions. Your tax preparer may ask for additional receipts or documents during your initial meeting.
- 3) Bring your identification, either a driver's license, Social Security card and/or ITIN (Individual Taxpayer Identification Number). The ITIN is a nine digit number, issued by the IRS, to individuals who are not eligible to have Social Security numbers. The number is issued regardless of immigration status.

What do I need to ask my tax preparer?

Before you sign your return, be sure to ask questions about anything you do not fully understand. Do not be embarrassed to ask questions. It is important that your return is filled out accurately. Remember — you are ultimately responsible for your tax return — erroneous or fraudulent information will result in back taxes, penalties and interest.

What are my responsibilities?

You need to check your return for accuracy. Before signing your return, make sure the name, address, Social Security Number or ITIN (see above) are correct. Review the list of deductibles and dependents for accuracy as well. Do not sign a blank return — be sure your tax preparer fills it out in front of you. Make sure to sign and date the return in ink pen — never in pencil.

How long should I keep my records?

You should keep a copy of your tax returns and supporting documents for at least four years, preferably six.

Will I get a refund?

Not all taxpayers receive a refund. Refunds are a result of overpayment in taxes. If the proper amount of taxes are being deducted from your pay check, you will not receive a refund. Ask your preparer for an explanation.

If I am to receive a refund, how will I be receiving it and how long will it take?

If your tax return is sent by U.S. mail, you will receive your refund within **eight** weeks. If your tax return is sent in electronically, using E-file, you have the option of getting direct deposit into your bank account, or receiving the check in the U.S. mail. Using E-file and direct deposit are the fastest ways to get your refund — generally within **three** weeks. You can find out the status of your refund AFTER SIX weeks (regardless of whether or not you used E-file) online at www.irs.gov. (click on Where's My Refund and follow instructions on the page) or you can call the Refund Hotline at (800) 829-1954.

The facts about Refund Anticipation Loans (RALs)

What is a Refund Anticipation Loan?

It is a loan, NOT a tax refund. An RAL is a high interest loan against a taxpayer's anticipated income tax refund. These loans cost you between 40% - 700% annual percentage rate.

What is an “instant refund”?

There is no such thing as an instant refund — this refers to the Refund Anticipation Loans mentioned above and will cost you a portion of your total refund.

Will a Refund Anticipation Loan get me my refund quicker?

You may be able to get your refund one week faster than getting your refund by E-file. But is the cost of the RAL worth it? Most tax professionals advise to wait the extra week to get your FULL refund.

What should I ask before getting a RAL?

Ask the tax preparer to explain all of the fees, interest, and any other charges that will be deducted from your actual tax refund. Ask them for the amount of your refund AFTER these fees are deducted from your refund. Consider using E-file instead!