

The Life Cycle Series of THEIRS

IRS ATONEMENT & SACRED INFUSION

"Get Right With Your Taxes"



The Collective Experience Mission of Taxology

The Religious Observances of THEIRS

- a. *"Life Cycle of a Public Charity"*
- b. *"Life Cycle of a Private Foundation"*
- c. *"Life Cycle of a Social Welfare Organization"*
- d. *"Life Cycle of a Labor Organization"*
- e. *"Life Cycle of an Agricultural or Horticultural Organization"*
- f. *"Cycle of a Business League (Trade Association)"*
- g. *The Life Cycle Series - "Get Right With Your Taxes" Brochure, Publication 4925 and Publication 4924 (4-2011) Catalog Number 57505G*
- h. *"The Life Cycle Series - from birth through childhood" "A series of informational publications designed to educate taxpayers about the tax impact of significant life events."*
- i. *The Life Cycle Series - Publication 3966, Living and Working With Disabilities, or Publication 907*

For The Religious Conversion of Taxpayers into Taxprayers



request for Publications

All of the following forms and publications are available from the Internal Revenue Service at www.irs.gov.

For a free paper copy of any listed form or publication, please call 1-800-829-3676 (1-800-TAX-FORM).

For additional questions about these credits and benefits you can call 1-800-829-1040.

- Publication 501, Exemptions, Standard Deduction, and Filing Information
- Form SS-5, Application for a Social Security Card
- Form W-7, Application for IRS Individual Taxpayer Identification Number
- Publication 972, Child Tax Credit
- Form 8812, Additional Child Tax Credit
- Publication 509, Child and Dependent Care Expenses
- Form 2441, Child and Dependent Care Expenses
- Schedule 2, Form 1040A, Child and Dependent Care Expenses
- Publication 596, Earned Income Credit
- Schedule EIC, Earned Income Credit
- Form W-5, Earned Income Credit Advance Payment Certificate
- Form 8839, Qualified Adoption Expenses
- Publication 970, Tax Benefits for Education
- Form 8814, Parents' Election to Report Child's Interest and Dividends

FREE TAX RETURN ASSISTANCE

Volunteer Income Tax Assistance (VITA) Sites, open from February 1 through April 15, offer free tax return preparation to individuals having low to moderate income. Call 1-800-829-1040 for a VITA site near you.



Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 4753 (10-2009) Catalog Number 35821X

the Life CYCLE series

A series of informational publications designed to educate taxpayers about the tax impact of significant life events.



from Birth through Childhood...



Tax Benefits and Credits



request for additional Information

Forms and publications that may be of assistance:

- Form 1040 Instructions
- Form 8880, Credit for Qualified Retirement Savings Contributions
- Publication 590, Individual Retirement Arrangements (IRAs)
- Publication 17, Your Federal Income Tax for Individuals

Obtaining the forms and publications referred to in this brochure is as easy as dialing a toll-free number or accessing a website.

Internal Revenue Service (IRS)

www.irs.gov

IRS Tax Forms
1-800-TAX-FORM
(800-829-3676)

IRS Tax Information
1-800-TAX-1040
(800-829-1040)

Free Tax Return Assistance - Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) Sites offer free tax return preparation to individuals having low to moderate income.

To find free tax help near you, call IRS at 1-800-829-1040 or AARP TaxAide at 1-888-227-7669.

IRS Department of the Treasury
Internal Revenue Service
Publication 4753 (10-2009) Catalog Number 357426X publweb.irs.gov

the Life CYCLE series

A series of informational publications designed to educate taxpayers about the tax impact of significant life events.



Retirement Savings Contributions Credit



Tax Information about Saving for Retirement

Tax Benefits, Credits, and Other Information.

request for Publications

All of the following forms and publications are available from the Internal Revenue Service at www.irs.gov.

For a free paper copy of any listed form or publication, please call 1-800-829-3676 (1-800-TAXFORM).

For additional questions about these credits and benefits you can call 1-800-829-1040.

- **Publication 501**, Exemptions, Standard Deduction, and Filing Information
- **Publication 504**, Divorced or Separated Individuals
- **Publication 505**, Tax Withholding and Estimated Tax
- **Publication 523**, Selling Your Home
- **Publication 552**, Recordkeeping for Individuals
- **Publication 555**, Community Property
- **Publication 506**, Earned Income Credit
- **Publication 971**, Innocent Spouse Relief
- **Publication 972**, Child Tax Credit
- **Form W-4**, Employee's Withholding Allowance Certificate
- **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents
- **Form 8379**, Injured Spouse Claim and Allocation
- **Form 8822**, Change of Address
- **Form 8857**, Request for Innocent Spouse Relief (And Separation of Liability and Equitable Relief)

FREE TAX RETURN ASSISTANCE

Volunteer Income Tax Assistance (VITA) Sites offer free tax return preparation to individuals having low to moderate income. Call 1-800-829-1040 (TTY/TDD call 1-800-829-4059) for a VITA site near you.

Department of the Treasury Publication 1819 (Rev. 2-2007)
Internal Revenue Service Catalog Number 200202

the Life Cycle series
A series of informational publications designed to educate taxpayers about the tax impact of significant life events.

Divorce and non-custodial, separated, or never married parents

Tax Benefits, Credits, and Other Information.

IRS

Unrelated Business Income Tax Exceptions and Exclusions

The Internal Revenue Code contains a number of modifications, exclusions, and exceptions to unrelated business income. For example, dividends, interest, certain other investment income, royalties, certain rental income, certain income from research activities, and gains or losses from the disposition of property are excluded when computing unrelated business income. In addition, the following activities are specifically excluded from the definition of unrelated trade or business:

- **Volunteer Labor:** Any trade or business is excluded in which substantially all the work is performed for the organization without compensation. Some fundraising activities, such as volunteer operated bake sales, may meet this exception.
- **Convenience of Members:** Any trade or business is excluded that is carried on by an organization described in section 501(c)(3) or by a governmental college or university primarily for the convenience of its members, students, patients, officers, or employees. A typical example of this is a school cafeteria.
- **Selling Donated Merchandise:** Any trade or business is excluded that consists of selling merchandise, substantially all of which the organization received as gifts or contributions. Many thrift shop operations of exempt organizations would meet this exception.
- **Bingo:** Certain bingo games are not unrelated trade or business.

Additional information

[Income from controlled entities](#) included in unrelated business income

[Return to Life Cycle of a Public Charity](#)

[Return to Life Cycle of a Private Foundation](#)

[Return to Life Cycle of a Social Welfare Organization](#)

[Return to Life Cycle of a Labor Organization](#)

[Return to Life Cycle of an Agricultural or Horticultural Organization](#)

[Return to Life Cycle of a Business League \(Trade Association\)](#)

Page Last Reviewed or Updated: 17-Apr-2014



A series of informational publications designed to educate taxpayers about the tax impact of significant life events.

Living and Working with Disabilities



This publication presents basic information about existing tax credits and benefits that may be available to qualifying taxpayers with disabilities, parents of children with disabilities, and businesses or other entities wishing to accommodate persons with disabilities.

Tax Benefits and Credits

More detailed information on these topics can be found in IRS Publication 907, *Tax Highlights for Persons with Disabilities*, and in the other publications cited below.

AS A PERSON WITH A DISABILITY, you may qualify for some of the following tax deductions, income exclusions, and credits. More detailed information may be found in the IRS publications referenced.

Standard Deduction: If you are legally blind, you may be entitled to a higher standard deduction on your tax return.

See [IRS Publication 501](#).

Gross Income: Certain disability-related payments may be excluded from gross income. Allowances paid by the Department of Veterans Affairs (VA) and Supplemental Security Income (SSI) are not included in gross income.

See [IRS Publication 525](#).

Impairment-Related Work Expenses: If you are an employee and have a physical or mental disability that functionally limits your employment, you may be able to claim business expenses for attendant care at your workplace and other expenses in connection with your workplace that are necessary for you to work.

See [IRS Publication 529](#).

Credit for the Elderly or Disabled: You may be able to claim this credit if you are 65 or older or if you are under 65 and you retired on permanent and total disability.

See [IRS Publication 524](#).

Medical Expenses: are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes. They also include dental expenses.

See [IRS Publication 502](#).

Earned Income Tax Credit (EITC): is a tax credit for certain people who work and have low to moderate earned income. 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. Many working individuals with a disability that have no qualifying children, who are at least 25 years of age but under 65 years of age, qualify for EITC. Earnings for EITC purposes can include disability benefits you receive from your employer's disability retirement plan, until you reach minimum retirement age.

Refunds received from the EITC the Child Tax Credit (CTC) or other refundable credits are not considered income and is not counted as a

resource for at least 12 months from when you receive it for benefits or assistance under any Federal program or under any State or local program financed in whole or in part with Federal funds. It is always best to check with your local benefit coordinator to find out if your benefits fall under this provision.

You must file a tax return to determine your eligibility to claim the EITC. Many people with disabilities miss out because they owe no tax so they do not file a tax return.

See [IRS Publication 596](#).

AS A PARENT OF A CHILD WITH A DISABILITY, you may qualify for some of the following tax exemptions, deductions and credits. More detailed information may be found in the IRS publications referenced.

Dependents: You may be able to claim your child as a dependent regardless of age if they are permanently and totally disabled.

Permanently and totally disabled:

- He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
- A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Dependent with a disability working at Sheltered Workshop: You may be able to claim a dependency exemption for a qualifying child or qualifying relative. Gross income does not include income from services the individual performs at a sheltered workshop however they must still meet the other dependency tests.

See [IRS Publication 501](#).

Adoption Credit: You may be able to claim an adoption credit and exclude employer-provided adoption benefits from your income if you adopt a child with special needs.

See [IRS Publication 907](#).

EITC for parents of children with disabilities: You may qualify for this credit if your qualifying child is permanently and totally disabled, regardless of age, as long as you meet the other requirements.

See [IRS Publication 596](#).

Child or Dependent Care Credit: You may be entitled to this credit if you pay someone to come to your home and care for your dependent or spouse regardless of their age if they are unable to care for themselves. Persons who cannot dress, clean, or feed themselves

continued... >



Life Cycle of a Public Charity

During its existence, a public charity has numerous interactions with the IRS – from filing an application for recognition of tax-exempt status, to filing the required annual information returns, to making changes in its mission and purpose. The IRS provides information, explanations, guides, forms and publications on all of these subjects – they are available through this IRS Web site. The illustration below provides an easy-to-use way of linking to the documents most charities will need as they proceed through the phases of their “life cycle.” You can also view a [graphical depiction](#) of the chart, with links to our website.

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 - [Customer Account Services](#)
 - [Publication 4220, Applying for 501\(c\)\(3\) Tax-Exempt Status](#)
 - [Publication 557, Tax-Exempt Status for Your Organization](#)

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Page Last Reviewed or Updated: 22-Sep-2015



Life Cycle of a Private Foundation

During its existence, a private foundation has numerous interactions with the IRS - from filing an application for recognition of tax-exempt status, to filing required annual information returns, to making changes in its mission and purpose. The IRS provides information, explanations, guides, forms, and publications on all of these subjects - they are available through this IRS website. The illustration below provides an easy-to-use way of linking to the documents most foundations will need as they proceed through the phases of their "life cycle." You can also view a [graphical depiction](#) of the chart, with links to our website.

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 - Donee ([Form 8282](#))
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Life Cycle of a Social Welfare Organization

Civic leagues and *social welfare organizations* are exempt under section 501(c)(4) of the Internal Revenue Code. Social welfare organizations generally fall into one of the following categories:

- Organizations that may be performing some type of public or community benefit but whose principal feature is lack of private benefit or profit;
- Organizations that would qualify for exemption under section 501(c)(3) but for a defect in their organizing documents or if they were not "action organizations"; and
- Nonprofit organizations that traditionally have been labeled in common parlance as social welfare organizations.

During its existence, a social welfare organization has numerous interactions with the IRS from filing an application for recognition of tax-exempt status, to filing the required annual information returns, to making changes in its mission and purpose. The IRS provides information, explanations, guides, forms and publications on all of these subjects through this IRS Web site. The illustration below provides an easy-to-use way of linking to the documents most organizations will need as they proceed through the phases of their "life cycle."

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• Life Cycle of a Labor Organization

During its existence, a labor organization has numerous interactions with the IRS – from filing an application for recognition of tax-exempt status under Internal Revenue Code section 501(c)(5), to filing the required annual information returns, to making changes in its mission and purpose. The IRS provides information, explanations, guides, forms and publications on all of these subjects – they are available through this IRS Web site. The illustration below provides an easy-to-use way of linking to the documents most labor organizations will need as they proceed through the phases of their “life cycle.”

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Page Last Reviewed or Updated: 29-Apr-2016

<https://www.irs.gov/charities-non-profits/other-non-profits/life-cycle-of-a-labor-organization>



Life Cycle of an Agricultural or Horticultural Organization

During its existence, a tax-exempt agricultural or horticultural organization has numerous interactions with the IRS – from filing an application for recognition of tax-exempt status, to filing the required annual information returns, to making changes in its mission and purpose. The IRS provides information, explanations, guides, forms and publications on all of these subjects – they are available through this IRS Web site. The illustration below provides an easy-to-use way of linking to the documents most organizations will need as they proceed through the phases of their “life cycle.” You can also view a [graphical depiction](#) [LINK] of the chart, with links to our website.

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Page Last Reviewed or Updated: 16-Dec-2015

<https://www.irs.gov/charities-non-profits/other-non-profits/life-cycle-of-an-agricultural-or-horticultural-organization>



Life Cycle of a Business League (Trade Association)

Trade associations that meet the requirements of Internal Revenue Code section 501(c)(6) are exempt from federal income tax as *business leagues*. The same provision extends exemption to chambers of commerce, real estate boards, boards of trade, and professional football leagues.

During its existence, a tax-exempt business league has numerous interactions with the IRS - from filing an application for recognition of tax-exempt status, to filing the required annual information returns, to making changes in its mission and purpose. The IRS makes information, explanations, guides, forms and publications on all of these subjects available through this IRS Web site. The illustration below provides links to the documents most organizations need as they proceed through the phases of their "life cycle."

Starting Out

- [Creating the Organization](#)
 - [Organizing Documents](#)
 - [Bylaws](#)
- [Employer Identification Number](#)
 - [Application Form](#)
 - [On-Line EIN Application](#)
- [Types of Organizations Exempt under Code Section 501\(c\)\(6\)](#)
 - [Business Leagues - Requirements for Exemption](#)
 - [Examples of Qualifying Activities](#)
 - [Non-Qualifying Activities](#)
 - [Inurement and benefits to members](#)
 - [Conducting for-profit business activities](#)
 - [Performing particular services](#)
 - [Chambers of commerce and boards of trade](#)
 - [Real estate boards](#)
 - [Professional football leagues](#)

Applying to the IRS

- [Application Forms](#)
 - [Exemption Application \(Form 1024\)](#)
 - [Group exemption](#)
 - [User Fee](#)
 - [Power of Attorney](#)
 - [Disclosure of Applications](#)
- [IRS Processing](#)
 - [While You Wait](#)
 - [Ruling and Determination Letters](#)
 - [Advance Rulings](#)
- [Help from the IRS](#)
 - [Application Process Step by Step](#)
 - [Customer Account Services](#)

- [Publication 557, Tax-Exempt Status for Your Organization](#)

Required Filings

- [Annual Exempt Organization Return](#)
 - [Requirements for Filing](#)
 - [Power of Attorney](#)
- [Unrelated Business Income Tax](#)
 - [Requirements for Filing](#)
 - [Form 990-T](#)
 - [Form 990-T instructions](#)
 - [Estimated tax](#)
 - [Exceptions and Exclusions](#)
- [Employment Taxes](#)
- [Help from the IRS](#)
 - [Customer Account Services](#)
 - [Publication 598, Tax on Unrelated Business Income of Exempt Organizations](#)
 - [Publication 557, Tax-Exempt Status for Your Organization](#)
 - [Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations \(Other than 501\(c\)\(3\) Public Charities and Private Foundations\)](#)

Ongoing Compliance

- [Jeopardizing Exemption](#)
 - [Business Activities](#)
 - [Inurement](#)
 - [Particular Services](#)
 - [Not Filing Annual Return or Notice](#)
- [Lobbying and Political Campaign Activity](#)
 - [Proxy Tax](#)
- [Employment Taxes](#)
 - [Requirements to Pay](#)
 - [Exceptions and Exclusions](#)
 - [Worker Classification](#)
 - [Forms and Publications](#)
- [Retirement Plan Information for Tax-Exempt Organizations](#)
- [Contributions](#)
- [Disclosure](#)
 - [Annual Returns, Exemption Applications, and Determination Letters](#)
 - [Nondeductible Dues Disclosure](#)
 - [Fundraising Solicitation Notice](#)
- [Help from the IRS](#)
 - [Customer Account Services](#)
 - [Publication 557, Tax-Exempt Status for Your Organization](#)
 - [Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations \(Other than 501\(c\)\(3\) Public Charities and Private Foundations\)](#)

Significant Events

- [Reporting Changes to IRS](#)
 - [Termination of Exempt Organization](#)

- [Private Letter Rulings and Determination Letters](#)
- [Audits of Exempt Organizations](#)
 - [Potential Examination Consequences](#)
 - [Examination Procedures](#)
 - [Power of Attorney](#)
- [Termination of Exempt Organization](#)
- [Help from the IRS](#)
 - [Customer Account Services](#)
 - [Publication 557, Tax-Exempt Status for Your Organization](#)
 - [Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations \(Other than 501\(c\)\(3\) Public Charities and Private Foundations\)](#)

Page Last Reviewed or Updated: 27-Apr-2016

<https://www.irs.gov/charities-non-profits/other-non-profits/life-cycle-of-a-business-league-trade-association>



Creating an Exempt Organization

The first stage in the life cycle of any organization is its creation. A nonprofit organization may be created as a corporation, a trust, or an unincorporated association. Any of these entities may qualify for exemption. Note, however, that a partnership generally may not qualify.

Additional information:

- [Organizing documents](#)
- [Bylaws](#)
- [Reinstatement of corporate charter does not create new organization](#)

[Return to Life Cycle of a Social Welfare Organization](#)

[Return to Life Cycle of a Labor Organization](#)

[Return to Life Cycle of an Agricultural or Horticultural Organization](#)

[Return to Life Cycle of a Business League \(Trade Association\)](#)

Page Last Reviewed or Updated: 18-Mar-2016

<https://www.irs.gov/charities-non-profits/creating-an-exempt-organization>



Life Cycle of a Business League (Trade Association) - Ongoing Compliance

In addition to [annual return](#) requirements, exempt organizations must file certain returns and reports and make certain disclosures. If an attorney or other representative will represent your organization in connection with these filings, see [Power of Attorney](#).

Jeopardizing Exemption

A business league will jeopardize its exemption under Code section 501(c)(6) if it ceases to have as its purposes promoting the common business interest of persons engaged in a line of business. Specific activities that may jeopardize exemption include :

- [Engaging in a regular business of a kind ordinarily carried on for profit](#)
 - [Performing particular services for individual persons](#)
 - [Inurement](#) of net earnings to members
-

Employment Taxes

Every employer, including an organization exempt from federal income tax, who pays wages to employees is responsible for withholding, depositing, paying, and reporting [federal employment taxes](#) (including federal income tax, social security and Medicare (FICA) taxes, and federal unemployment tax (FUTA)), unless that employer is specifically [excepted](#) by law from those requirements or if the taxes clearly do not apply. These taxes generally apply to payment of compensation to [employees](#).

Disclosure

[Donations to business leagues](#) are generally not deductible as charitable contributions, but dues payments may be deductible as business expenses. An organization that solicits and receives dues payments or contributions may be required to make certain [disclosures](#), however.

Getting Help from the IRS

Exempt Organizations (EO) offers specialized assistance to tax-exempt organizations. EO's programs help these customers understand and comply with the tax laws and regulations governing exempt organizations. Please see [Help from the IRS](#) for more information.

[Return to Life Cycle of a Business League \(Trade Association\)](#)

Page Last Reviewed or Updated: 16-Dec-2015

<https://www.irs.gov/charities-non-profits/other-non-profits/life-cycle-of-a-business-league-trade-association-ongoing-compliance>

GET RIGHT WITH YOUR TAXES

From IRS Video

“WOMAN: Taxes are the price we pay to live in the greatest nation on Earth.

Without taxes, we wouldn't have public schools, public parks, or public transportation.

We wouldn't have the streets and highways to drive on.

Without taxes, we wouldn't have the Army, the Navy, the Air Force, or the Marines to fight for us.

MAN: And that's just the tip of the iceberg.

Filing a federal tax return will help you on a personal level, too.

It'll keep you out of trouble with the IRS, and more than likely, it'll put money in your pocket.

WOMAN: All in all, I'd say those are pretty good reasons to **get right with your taxes.**

No one likes to pay taxes, but it's something that just has to be done.

And there's some really good things that can come from filing a federal tax return.

Good thing number 1...

MAN: **Refunds.**

I don't care if you're an employee, a contractor, or your own boss, **if you pay taxes, chances are good you're going to get a refund if you file a return.**

Good thing number 2...

WOMAN: Tax credits.

You may think that tax credits are only for the wealthy, but you'd be wrong.

Some tax credits are built for folks who are just scraping by.

Even if you don't pay enough taxes to get a refund, these credits can put thousands of dollars in your pocket, but only if you file a return.

Good thing number 3...

MAN: Proof of income.

If you think you'll ever want to put in an application to rent a house or apartment or apply for a loan, you'll need proof of income, and that's exactly what a tax return gives you.

Good thing number 4...

WOMAN: Social Security.

That's right -- to get Social Security benefits, you have to have a record of your work history to show your earnings.

Filing your tax return if you're self-employed is the main way to get full credit of your earnings for Social Security benefits.

Good thing number 5...

MAN: Peace of mind.

Life is complicated enough as it is.

Why leave yourself dangling in the wind as far as taxes are concerned, especially when there are so many ways to get help filing your return?

WOMAN: And here's one more reason to get right with your taxes.

If you haven't filed a return in a while and you worked at a job that took out payroll taxes during that time, you might still be able to get a refund on the taxes you paid.

MAN: That's right -- **you've got up to three years to file a tax return and get your refund,** and the IRS will help you do it.

Just contact the IRS and ask for any records your employer might have filed with them, like a W-2.

WOMAN: All right, now that we've got you thinking **that getting right with your taxes** might be a **good thing, we're going to tell you how to get other folks to help you fill it out and send it in.**

MAN: First of all, a lot of you may not even need help.

If you work for someone else and they take taxes out of your paycheck, they're doing a lot of the work for you.

In January, they'll send you, in the mail, a W-2, and *all you have to do is use that form to fill out a 1040EZ.*

They don't call it "EZ" for nothing.

It's about as basic as it gets.

WOMAN: Now, if you're a contractor, like a plumber or a carpenter, or if you own your own business, taxes can get a little complicated.

But no matter what situation you're in, you can always get help filling out your tax return.

MAN: Just about every community has groups and organizations that offer free tax help for those who qualify.

The most common one is **Volunteer Income Tax Assistance, or VITA for short.**

They have sites that are run by IRS partners and staffed by trained, certified volunteers.

WOMAN: Some of these sites even offer free financial counseling and can help **you hook up with savings incentive programs that will give you as much as \$3 for every \$1 you save.**

You can't beat a deal like that.

To find the VITA site nearest you, call 1-800-906-9887.

MAN: Or go to the IRS website and type "VITA" into the search engine.

Another option is to use a computer to go online and file your taxes for free using Free File.

You can get all of the details about Free File by going to the IRS website and clicking on the "Find a Free File Provider" link.

WOMAN: And, of course, you can always go to an accountant or a tax-preparation service and have them prepare and file your return for a fee.

MAN: The best place to go to get information about filing a federal tax return is the IRS website.

You can download forms...

get answers to questions...

find out where to get help...

and a whole lot more.

If you don't have your own computer, you can go to the public library and use theirs.

If you just can't get access to a computer, the next best thing is to call the IRS at 1-800-829-1040.

If you forget the number, you can always call directory assistance.

WOMAN: Let's talk a little more **about those tax credits that are designed to put money in the pockets of everyday hardworking people.**

The first one is the Earned Income Tax Credit, or EITC for short.

Some people think it's just for folks with kids, but it goes further than that.

MAN: Depending on how much money you earn, **you could get as much as \$450 from EITC, even if you don't have kids, and that's on top of whatever tax refund you might get.**

That's real money and definitely **makes it worth filing a tax return** so you can claim the credit.

WOMAN: Now, if you do claim children as dependents and you make below a certain income level, you can get thousands of dollars from EITC.

You can't afford to pass up that kind of money.

MAN: Another credit is the Child Tax Credit.

This one is obviously for people with kids.

If you qualify, this credit will generally give you about 1,000 bucks per kid.

Definitely worth filing a tax return for.

WOMAN: Now, there are **certain rules** that apply to these credits.

For instance, if you're claiming a child as a dependent, *you've got to make sure no one else is claiming the same child on their tax return.*

MAN: Also, any money you make in a work-release program can't be used for Earned Income Tax Credit.

That's why it's a good idea to go to the IRS website and do a little research or go to a VITA site and ask for help.

The big thing to remember is, you've got to file a federal tax return to get these credits.

If you don't file, it's like throwing money out the window.

WOMAN: There is one other credit you might be interested in.

You can't claim it on your tax return, but it can put money in your pocket **by helping you land a job.**

It's called the Work Opportunity Tax Credit, and it encourages businesses to hire folks like veterans and ex-felons.

MAN: **The credit can save a business money by reducing the cost of paying your wages by 25% or 40%.**

If you clue them in to the credit, *it might just give them that extra little nudge they need to hire you.*

As usual, you can get more information about the Work Opportunity Tax Credit from the IRS website.

WOMAN: Okay, now let's talk about what you need to do to get right with your taxes when you get a job or start your own business.

When someone hires you as an employee, they should give you a W-4 to fill out.

It tells the employer how much tax to withhold from your paycheck.

The W-4 includes a worksheet that will help you figure out how much to have withheld.

You can also go to the IRS website and use their handy withholding calculator.

If your employer withholds too much, it'll give you a smaller regular paycheck and a big tax refund.

If your employer withholds too little, you might have to pay taxes when you file your return instead of getting a refund.

MAN: It's your choice, but you might want to lean toward withholding more rather than less so you won't have to pay taxes when you file your return and don't risk penalties for paying too little up front.

The money withheld goes toward paying federal and state income taxes and Social Security and Medicare taxes. In January, your employer will send you and the government a W-2 that shows how much tax they withheld from your paychecks during the previous year.

You'll use the information on the W-2 to help you fill out your federal tax return.

WOMAN: If they don't have you fill out a W-4 when you're hired, that probably means they're treating you as a contractor instead of an employee, and they won't withhold anything from your paycheck.

Basically, this means you're self-employed and are responsible for paying all of your own taxes -- federal, state, Social Security, and Medicare.

You'll be expected to make quarterly estimated tax payments to the IRS every three months.

The next January, the business you do work for will send you and the IRS a 1099 that shows all the money they've paid you during the previous year.

You'll use that information to help you fill out your tax return.

If you're being treated as a contractor but think you're really an employee, you can file a form that's called an SS-8 to ask the IRS for help in figuring out how you should be treated for federal tax purposes.

You can find out more information about this process on the IRS website.

MAN: Some of you may decide to open your own business, and, like a contractor, you'll be responsible for paying your own taxes.

Taxes for businesses can be complex, so it might be a good idea to hire an accountant to help you deal with the bookkeeping.

The IRS has lots of resources to help business owners understand their tax obligations, such as publication 1066C, the Virtual Small Business Tax Workshop, and publication 583, Starting a Business and Keeping Records.

You can find these publications on the IRS website.

WOMAN: Let's talk for a minute about tax-avoidance schemes.

You may have heard of these schemes from friends or seen them on the Internet.

They make claims like, "You'll never pay taxes again," or "Share children's Social Security numbers to get a bigger refund."

Sound too good to be true?

You're right, they are, and they're against the law.

Participating in illegal tax-avoidance schemes can result in imprisonment, fines, and repayment of taxes owed, plus penalties and interest.

MAN: The IRS is constantly on the lookout for illegal schemes **and is usually already ahead of the game.**

Just go to the IRS website and type "tax scams" into the search engine to see what I mean.

If someone promises you a big refund without knowing your tax situation, they're trying to take advantage of you.

Remember, you are personally responsible for the information on your tax return, even if someone else filled it out for you.

Never sign a return unless you're sure the information on it is honest and correct.

WOMAN: Some of you may already owe back taxes.

Some of you may have not filed a federal tax return in years because your last refund was taken to pay student loans or child support.

Now is the time to get right with your taxes.

MAN: It may not be easy, but if you don't start dealing with it now, it'll only get worse.

It's always best to stand and face these kinds of things, because they won't just go away on their own.

WOMAN: The first step toward getting right with your taxes is to simply talk with the folks at the IRS.

You can call their toll-free number at 1-800-829-1040 or visit the nearest IRS office.

Office locations are listed on the IRS website.

Be sure to have your Social Security number handy and, if possible, the last tax return you filed.

MAN: Once you start talking with the IRS, you'll be able to find out exactly what your options are.

If you can't pay your taxes in full, you might be able to set up a payment plan tailored to your specific situation.

Some people are able to set up an offer-in-compromise that actually settles your tax debt for less than the full amount owed.

WOMAN: Another option is to visit a *low-income tax clinic*.

These clinics are run by nonprofit organizations and are specifically designed to help low-income folks deal with their tax problems.

In some cases, you can seek help from the Taxpayer Advocate Service, but only if you've tried to resolve your tax issues through normal channels first.

You can get more information about low-income tax clinics and the Taxpayer Advocate Service on the IRS website.

MAN: No one likes to pay taxes, but it's the price we all pay to live in this great nation.

WOMAN: **It's an obligation, but it also has its benefits, like refunds, tax credits, showing your earnings for Social Security, and proof of income.**

And you're not in it alone.

You can always get help when you need it.

MAN: Remember, the best place to get information on filing your federal tax return is the IRS website.

If you just can't get to a computer, call 1-800-829-1040 to get the information you need.

WOMAN: We all have to play our part and **pay our fair share.**

It's just the way the world works.

It's not always easy... but I guarantee it's worth the effort to get right with your taxes."

<http://www.irsvideos.gov/Individual/education/GetRightWithYourTaxes>