

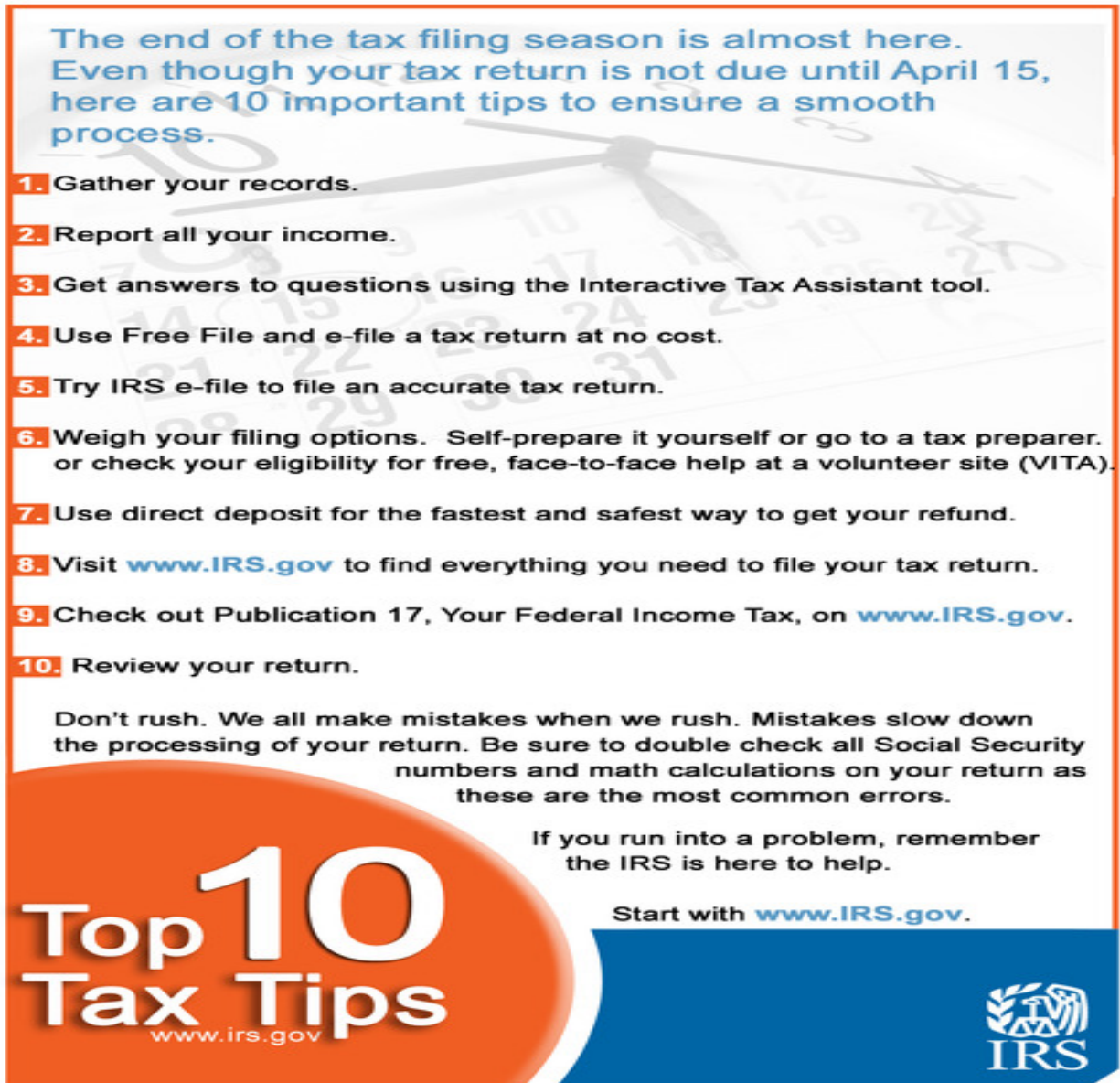
[Enumerations]



IRS
TAX TIPS

The Taxpayer Advocate Service is your voice, as an individual or business, at the IRS. Here are ten things you should know about the Taxpayer Advocate Service...

TAX TIP #24



The end of the tax filing season is almost here. Even though your tax return is not due until April 15, here are 10 important tips to ensure a smooth process.


1. Gather your records.
2. Report all your income.
3. Get answers to questions using the Interactive Tax Assistant tool.
4. Use Free File and e-file a tax return at no cost.
5. Try IRS e-file to file an accurate tax return.
6. Weigh your filing options. Self-prepare it yourself or go to a tax preparer, or check your eligibility for free, face-to-face help at a volunteer site (VITA).
7. Use direct deposit for the fastest and safest way to get your refund.
8. Visit www.IRS.gov to find everything you need to file your tax return.
9. Check out Publication 17, Your Federal Income Tax, on www.IRS.gov.
10. Review your return.

Don't rush. We all make mistakes when we rush. Mistakes slow down the processing of your return. Be sure to double check all Social Security numbers and math calculations on your return as these are the most common errors.

If you run into a problem, remember the IRS is here to help.

Start with www.IRS.gov.

Top 10 Tax Tips
www.irs.gov



[IRS Tax Tables, Brackets & Rates or exclusions, *inter alia*]
An enumeration is a complete, ordered listing of all the items in a collection.



Current Tax Tips

Don't be Fooled; IRS Scams Continue to Pose Serious Threat

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Tax Tip 2016-52, March 31, 2016

Need More Time to File Your Taxes?

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Six Tips You Should Know about Employee Business Expenses

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Reporting Foreign Income: Eight Tax Tips From the IRS

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Top 10 Tax Tips about Debt Cancellation

Tax Tip 2016-30, March 1, 2016

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<https://www.irs.gov/uac/IRS-Tax-Tips>

Top 10 Tax Tips about Debt Cancellation

IRS Tax Tip 2016-30, March 1, 2016

[Español](#)

If your lender cancels part or all of your debt, it is usually considered income and you normally must pay tax on that amount. However, the law allows an exclusion that may apply to homeowners who had their mortgage debt cancelled in 2015. Here are 10 tips about debt cancellation:

1. **Main Home.** If the cancelled debt was a loan on your main home, you may be able to exclude the cancelled amount from your income. You must have used the loan to buy, build or substantially improve your main home to qualify. Your main home must also secure the mortgage.
2. **Loan Modification.** If your lender cancelled part of your mortgage through a loan modification or ‘workout,’ you may be able to exclude that amount from your income. You may also be able to exclude debt discharged as part of the Home Affordable Modification Program, or [HAMP](#). The exclusion may also apply to the amount of debt cancelled in a foreclosure.
3. **Refinanced Mortgage.** The exclusion may apply to amounts cancelled on a refinanced mortgage. This applies only if you used proceeds from the refinancing to buy, build or substantially improve your main home and only up to the amount of the old mortgage principal just before refinancing. Amounts used for other purposes do not qualify.
4. **Other Cancelled Debt.** Other types of cancelled debt such as second homes, rental and business property, credit card debt or car loans do not qualify for this special exclusion. On the other hand, there are other rules that may allow those types of cancelled debts to be nontaxable.
5. **Form 1099-C.** If your lender reduced or cancelled at least \$600 of your debt, you should receive [Form 1099-C](#), Cancellation of Debt, by Feb. 1. This form shows the amount of cancelled debt and other information.

6. **Form 982.** If you qualify, report the excluded debt on [Form 982](#), Reduction of Tax Attributes Due to Discharge of Indebtedness. File the form with your federal income tax return.
7. **IRS.gov Tool.** Use the [Interactive Tax Assistant](#) tool on IRS.gov to find out if your cancelled mortgage debt is taxable.
8. **Exclusion Extended.** The law that authorized the exclusion of cancelled debt from income was extended through Dec. 31, 2016.
9. **IRS Free File.** [IRS e-file](#) is fastest, safest and easiest way to file. You can use [IRS Free File](#) to e-file your tax return for free. If you earned \$62,000 or less, you can use brand name tax software. The software does the math and completes the right forms for you. If you earned more than \$62,000, use Free File Fillable Forms. This option uses electronic versions of IRS paper forms. It is best for people who are used to doing their own taxes. Free File is available only on [IRS.gov/freefile](#).
10. **More Information.** For more on this topic see [Publication 4681](#), Canceled Debts, Foreclosures, Repossessions and Abandonments.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Tax Topic 431](#) - Canceled Debt – Is It Taxable or Not?
- [Home Foreclosure and Debt Cancellation](#)

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<https://www.irs.gov/uac/Top-10-Tax-Tips-about-Debt-Cancellation>

What is the Additional Medicare Tax and Who Pays It?

IRS Tax Tip 2016-31, March 2, 2016

Some taxpayers may be required to pay an Additional Medicare Tax if their income exceeds certain limits. Here are some things that you should know about this tax:

- **Tax Rate.** The Additional Medicare Tax rate is 0.9 percent.
- **Income Subject to Tax.** The tax applies to the amount of certain income that is more than a threshold amount. The types of income include your Medicare wages, self-employment income and railroad retirement (RRTA) compensation. See the instructions for [Form 8959](#), Additional Medicare Tax, for more on these rules.
- **Threshold Amount.** You base your threshold amount on your filing status. If you are married and file a joint return, you must combine your spouse’s wages, compensation or self-employment income with yours. Use the combined total to determine if your income exceeds your threshold. The threshold amounts are:

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single	\$200,000
Head of household	\$200,000
Qualifying widow(er) with dependent child	\$200,000

- **Withholding/Estimated Tax.** Employers must withhold this tax from your wages or compensation when they pay you more than \$200,000 in a calendar year. If you are self-employed you should include this tax when you figure your estimated tax liability.
- **Underpayment of Estimated Tax.** If you had too little tax withheld, or did not pay enough estimated tax, you may owe an estimated tax penalty. For more on this topic, see [Publication 505](#), Tax Withholding and Estimated Tax.

If you owe this tax, file [Form 8959](#), with your tax return. You also report any Additional Medicare Tax withheld by your employer on Form 8959. Visit [IRS.gov](#) for more on this topic. You can also get forms and publications on [IRS.gov/forms](#) anytime.

Each and every taxpayer set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on [IRS.gov](#).

Additional IRS Resources:

- [Questions and Answers for the Additional Medicare Tax](#)

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Page Last Reviewed or Updated: 01-Mar-2016

<https://www.irs.gov/uac/What-is-the-Additional-Medicare-Tax-and-Who-Pays-It>

Early Retirement Distributions and Your Taxes

IRS Tax Tip 2016-32, March 3, 2016

Many people find it necessary to take out money early from their IRA or retirement plan. Doing so, however, can trigger an additional tax on top of the income tax you may have to pay. Here are a few key points to know about taking an early distribution:

1. **Early Withdrawals.** An early withdrawal normally means taking the money out of your retirement plan before you reach age 59½.
2. **Additional Tax.** If you took an early withdrawal from a plan last year, you must report it to the IRS. You may have to pay income tax on the amount you took out. If it was an early withdrawal, you may have to pay an additional 10 percent tax.
3. **Nontaxable Withdrawals.** The additional 10 percent tax does not apply to nontaxable withdrawals. They include withdrawals of your cost to participate in the plan. Your cost includes contributions that you paid tax on before you put them into the plan.

A [rollover](#) is a type of nontaxable withdrawal. A rollover occurs when you take cash or other assets from one plan and contribute the amount to another plan. You normally have 60 days to complete a rollover to make it tax-free.

4. **Check Exceptions.** There are many exceptions to the additional 10 percent tax. Some of the rules for retirement plans are different from the rules for IRAs.
5. **File Form 5329.** If you took an early withdrawal last year, you may need to file [Form 5329](#), Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts, with your federal tax return. See Form 5329 and its instructions for details.
6. **Use IRS e-file.** Early withdrawal rules can be complex. [IRS e-file](#) is the easiest and most accurate way to file your tax return. The tax software that you use to e-file will pick the right tax forms, do the math, and help you get the tax benefits you're due. Seven out of 10 taxpayers qualify to use Free File, which is only available through the IRS website at [IRS.gov/freefile](#).

More information on this topic is available on [IRS.gov](#).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These

are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [IRA FAQs](#) – Distributions (Withdrawals)
- [Publication 590-B](#), Distributions from Individual Retirement Arrangements
- [Publication 575](#), Pension and Annuity Income
- [Filing Your Taxes](#)
- [IRS Tax Map](#)

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<https://www.irs.gov/uac/Early-Retirement-Distributions-and-Your-Taxes>

Capital Gains and Losses – 10 Helpful Facts to Know

IRS Tax Tip 2016-33, March 4, 2016

When you sell a capital asset, the sale normally results in a capital gain or loss. A capital asset includes most property you own for personal use or own as an investment. Here are 10 facts that you should know about capital gains and losses:

1. **Capital Assets.** Capital assets include property such as your home or car, as well as investment property, such as stocks and bonds.
2. **Gains and Losses.** A capital gain or loss is the difference between your basis and the amount you get when you sell an asset. Your basis is usually what you paid for the asset.
3. **Net Investment Income Tax.** You must include all capital gains in your income and you may be subject to the [Net Investment Income Tax](#) if your income is above certain amounts. The rate of this tax is 3.8 percent. For details, visit IRS.gov.
4. **Deductible Losses.** You can deduct capital losses on the sale of investment property. You cannot deduct losses on the sale of property that you hold for personal use.
5. **Limit on Losses.** If your capital losses are more than your capital gains, you can deduct the difference as a loss on your tax return. This loss is limited to \$3,000 per year, or \$1,500 if you are married and file a separate return.
6. **Carryover Losses.** If your total net capital loss is more than the limit you can deduct, you can carry it over to next year's tax return.
7. **Long and Short Term.** Capital gains and losses are treated as either long-term or short-term, depending on how long you held the property. If you held it for one year or less, the gain or loss is short-term.
8. **Net Capital Gain.** If your long-term gains are more than your long-term losses, the difference between the two is a net long-term capital gain. If your net long-term capital gain is more than your net short-term capital loss, you have a net capital gain.
9. **Tax Rate.** The tax rate on a net capital gain usually depends on your income. The maximum tax rate on a net capital gain is 20 percent. However, for most taxpayers a zero or 15 percent rate will apply. A 25 or 28 percent tax rate can also apply to certain types of net capital gain.

10. **Forms to File.** You often will need to file [Form 8949](#), Sales and Other Dispositions of Capital Assets, with your federal tax return to report your gains and losses. You also need to file [Schedule D](#), Capital Gains and Losses, with your tax return.

For more information about this topic, see the [Schedule D instructions](#) and [Publication 550](#), Investment Income and Expenses. You can visit IRS.gov to view, download or print any tax product you need right away.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Form 8960](#), Net Investment Income Tax— Individuals, Estates, and Trusts
- [Capital Gains and Losses](#)

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<https://www.irs.gov/uac/Capital-Gains-and-Losses-10-Helpful-Facts-to-Know>

Top Five Tips on Unemployment Benefits

IRS Tax Tip 2016-34, March 7, 2016

If you lose your job, you may qualify for unemployment benefits. While these payments may come as a relief, it's important to remember that they may be taxable. Here are five key facts about unemployment compensation:

1. **Unemployment is Taxable.** You must include all [unemployment compensation](#) as income for the year. You should receive a [Form 1099-G](#), Certain Government Payments by Jan. 31 of the following year. This form will show the amount paid to you and the amount of any federal income tax withheld.
2. **Paid Under U.S. or State Law.** There are various types of unemployment compensation. Unemployment includes amounts paid under U.S. or state unemployment compensation laws. For more information, see [Publication 525](#), Taxable and Nontaxable Income.
3. **Union Benefits May be Taxable.** You must include benefits paid to you from regular union dues in your income. Other rules may apply if you contributed to a special union fund and your contributions to the fund are not deductible. In that case, you only include as income any amount that you got that was more than the contributions you made.
4. **You May have Tax Withheld.** You can choose to have [federal income tax withheld](#) from your unemployment. You can have this done using [Form W-4V](#), Voluntary Withholding Request. If you choose not to have tax withheld, you may need to make [estimated tax](#) payments during the year.
5. **Visit IRS.gov for Help.** If you're facing financial difficulties, you should visit the IRS.gov page: [“What Ifs” for Struggling Taxpayers](#). This page explains the tax effect of events such as job loss. For example, if your income decreased, you may be eligible for certain tax credits, like the Earned Income Tax Credit. If you owe federal taxes and can't pay your bill check the Payments tab on IRS.gov to review your options. In many cases, the IRS can take steps to help ease your financial burden.

For more details visit IRS.gov and check [Publication 525](#). You can view, download and print Form W-4V at [IRS.gov/forms](#) anytime.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS References:

- [Filing Your Taxes](#)
- [IRS Tax Map](#)

IRS YouTube Videos:

- Estimated Tax Payments – [English](#) | [Spanish](#) | [ASL](#)
- What If? – [English](#) | [Spanish](#) | [ASL](#)

IRS Podcasts:

- Estimated Tax Payments – [English](#) | [Spanish](#)

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<https://www.irs.gov/uac/Top-Five-Tips-on-Unemployment-Benefits>

Claiming a Tax Deduction for Medical and Dental Expenses

IRS Tax Tip 2016-35, March 8, 2016

Your medical expenses may save you money at tax time, but a few key rules apply. Here are some tax tips to help you determine if you can deduct medical and dental expenses on your tax return:

- **Itemize.** You can only claim your medical expenses that you paid for in 2015 if you [itemize deductions](#) on your federal tax return.
- **Income.** Include all qualified medical costs that you paid for during the year, however, you only realize a tax benefit when your total amount is more than 10 percent of your [adjusted gross income](#).
- **Temporary Threshold for Age 65.** If you or your spouse is age 65 or older, then it's 7.5 percent of your adjusted gross income. This exception applies through Dec. 31, 2016.
- **Qualifying Expenses.** You can include most medical and dental costs that you paid for yourself, your spouse and your dependents including:
 - The costs of diagnosing, treating, easing or preventing disease.
 - The costs you pay for prescription drugs and insulin.
 - The costs you pay for insurance premiums for policies that cover medical care qualify.
 - Some long-term care insurance costs.

Exceptions and special rules apply. Costs reimbursed by insurance or other sources normally do not qualify for a deduction. For more examples of costs you can and can't deduct, see IRS [Publication 502](#), Medical and Dental Expenses. You can get it on [IRS.gov/forms](https://www.irs.gov/forms) anytime.

- **Travel Costs Count.** You may be able to deduct travel costs you pay for medical care. This includes costs such as public transportation, ambulance service, tolls and parking fees. If you use your car, you can deduct either the actual costs or the [standard mileage rate](#) for medical travel. The rate is 23 cents per mile for 2015.
- **No Double Benefit.** You can't claim a tax deduction for medical expenses paid with funds from your [Health Savings Accounts](#) or [Flexible Spending Arrangements](#). Amounts paid with funds from those plans are usually tax-free.
- **Use the Tool.** Use the [Interactive Tax Assistant](#) tool on IRS.gov to see if you can deduct your medical expenses. It can answer many of your questions on a wide range of tax topics including the [health care law](#).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Schedule A \(Form 1040\)](#), Itemized Deductions
- [Publication 969](#), Health Savings Accounts and Other Tax-Favored Health Plans

IRS YouTube Video:

- Medical and Dental Expenses – [English](#) | [Spanish](#) | [ASL](#)

IRS Podcasts:

- Medical and Dental Expenses – [English](#) | [Spanish](#)

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<https://www.irs.gov/uac/Claiming-a-Tax-Deduction-for-Medical-and-Dental-Expenses1>

Tax Savings from Higher Education Costs

IRS Tax Tip 2016-36, March 9, 2016

Money you paid for higher education in 2015 can mean tax savings in 2016. If you, your spouse or your dependent took post-high school coursework last year, there may be a tax credit or deduction for you. Here are some facts from the IRS about key tax breaks for higher education.

The **American Opportunity Credit (AOTC)** is:

- Worth up to \$2,500 per eligible student.
- Used only for the first four years at an eligible college or vocational school.
- For students earning a degree or other recognized credential.
- For students going to school at least half-time for at least one academic period that started during or shortly after the tax year.
- Claimed on your tax return using [Form 8863](#), Education Credits.

The **Lifetime Learning Credit (LLC)** is:

- Worth up to \$2,000 per tax return, per year, no matter how many students qualify.
- For all years of higher education, including classes for learning or improving job skills.
- Claimed on your tax return using [Form 8863](#), Education Credits.

The **Tuition and Fees Deduction** is:

- Claimed as an adjustment to income.
- Claimed whether or not you itemize.
- Limited to tuition and certain related expenses required for enrollment or attendance at eligible schools.
- Worth up to \$4,000.

Additionally:

- You should receive [Form 1098-T](#), Tuition Statement, from your school by Feb. 1, 2016. Your school also sends a copy to the IRS.
- You may only claim qualifying expenses paid in 2015.
- You can't claim either credit if someone else claims you as a dependent.
- You can't claim either AOTC or LLC and the Tuition and Fees Deduction for the same student or for the same expense, in the same year.
- Income limits could reduce the amount of credits or deductions you can claim.
- The [Interactive Tax Assistant tool](#) on IRS.gov can help you check your eligibility.

IRS Free File. You can use IRS Free File to prepare and e-file your federal tax return for free. File Form 8863, Education Credits, with your Form 1040. Free File is only available at [IRS.gov/freefile](https://www.irs.gov/freefile).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Tax Benefits for Education: Information Center](#)
- [Education Credits--AOTC and LLC](#)
- [American Opportunity Tax Credit](#)
- [Lifetime Learning Credit](#)
- [American Opportunity Tax Credit: Questions and Answers](#)
- [Form 8917, Tuition and Fees Deduction](#)
- [Publication 970, Tax Benefits for Education](#)

IRS YouTube Videos:

- Education Tax Credits – [English](#) | [Spanish](#) | [ASL](#)

IRS Podcasts:

- Education Tax Credits – [English](#) | [Spanish](#)

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<https://www.irs.gov/uac/Tax-Savings-from-Higher-Education-Costs>

Top Ten Facts about the Adoption Tax Credit

IRS Tax Tip 2016-37, March 10, 2016

If you adopted or tried to adopt a child in 2015, you may qualify for a tax credit. Here are ten things you should know about the [adoption credit](#).

1. **Credit or Exclusion.** The credit is nonrefundable. This means that the credit may reduce your tax to zero. If the credit is more than your tax, you can't get any additional amount as a refund. If your employer helped pay for the adoption through a written qualified adoption assistance program, you may qualify to exclude that amount from tax.
2. **Maximum Benefit.** The maximum adoption tax credit and exclusion for 2015 is \$13,400 per child.
3. **Credit Carryover.** If your credit is more than your tax, you can carry any unused credit forward. This means that if you have an unused credit in 2015, you can use it to reduce your taxes for 2016. You can do this for up to five years, or until you fully use the credit, whichever comes first.
4. **Eligible Child.** An eligible child is an individual under age 18 or a person who is physically or mentally unable to care for themselves.
5. **Qualified Expenses.** Adoption expenses must be directly related to the adoption of the child and be reasonable and necessary. Types of expenses that can qualify include adoption fees, court costs, attorney fees and travel.
6. **Domestic or Foreign Adoptions.** In most cases, you can claim the credit whether the adoption is domestic or foreign. However, the timing rules for which expenses to include differ between the two types of adoption.

7. **Special Needs Child.** If you adopted an eligible U.S. child with special needs and the adoption is final, a special rule applies. You may be able to take the tax credit even if you didn't pay any qualified adoption expenses.
8. **No Double Benefit.** Depending on the adoption's cost, you may be able to claim both the tax credit and the exclusion. However, you can't claim both a credit and exclusion for the same expenses. This rule prevents you from claiming both tax benefits for the same expense.
9. **Income Limits.** The credit and exclusion are subject to income limitations. The limits may reduce or eliminate the amount you can claim depending on the amount of your income.
10. **IRS Free File.** You can use [IRS Free File](#) to prepare and e-file your federal tax return for free. File [Form 8839](#), Qualified Adoption Expenses, with your Form 1040. Free File is only available on [IRS.gov/freefile](#).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- Tax Topic 607 – Adoption Credit and Adoption Assistance Programs

IRS YouTube Video:

- Welcome to Free File – [English](#)

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<https://www.irs.gov/uac/Top-Ten-Facts-about-the-Adoption-Tax-Credit>

What You Need to Know About the Child and Dependent Care Tax Credit

IRS Tax Tip 2016-38, March 11, 2016

Don't overlook the Child and Dependent Care Tax Credit. It can reduce the taxes you pay. Here are 10 facts from the IRS about this important tax credit:

1.
 1. **Child, Dependent or Spouse.** You may be able to claim the credit if you paid someone to care for your child, dependent or spouse last year.
 2. **Work-Related Expense.** The care must have been necessary so you could work or look for work. If you are married, the care also must have been necessary so your spouse could work or look for work. This rule does not apply if your spouse was disabled or a full-time student.
 3. **Qualifying Person.** The care must have been for "qualifying persons." A qualifying person can be your child under age 13. A qualifying person can also be your spouse or dependent who lived with you for more than half the year and is physically or mentally incapable of self-care.
 4. **Earned Income.** You must have [earned income](#) for the year, such as wages from a job. If you are married and file a joint tax return, your spouse must also have earned income. Special rules apply to a spouse who is a student or disabled.
 5. **Credit Percentage / Expense Limits.** The credit is worth between 20 and 35 percent of your allowable expenses. The percentage depends on the amount of your income. Your allowable expenses are limited to \$3,000 if you paid for the care of one qualifying person. The limit is \$6,000 if you paid for the care of two or more.

6. **Dependent Care Benefits.** If your employer gives you dependent care benefits, special rules apply. For more on these rules see [Form 2441](#), Child and Dependent Care Expenses.
7. **Qualifying Person's SSN.** You must include the Social Security number of each qualifying person to claim the credit.
8. **Care Provider Information.** You must include the name, address and [taxpayer identification number](#) of your care provider on your tax return.
9. **Form 2441.** You file [Form 2441](#) with your tax return to claim the credit.
10. **IRS Free File.** You can use [IRS Free File](#) to prepare and e-file your federal tax return, including Form 2441, Child and Dependent Care Expenses, for free. Free File is the fastest and easiest way to file your tax return and it's only available at [IRS.gov/freefile](#).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Tax Topic 602](#) - Child and Dependent Care Credit
- [Publication 503](#), Child and Dependent Care Expenses
- [Filing Your Taxes](#)
- [IRS Tax Map](#)

IRS YouTube Video:

- Welcome to Free File – [English](#)

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<https://www.irs.gov/uac/What-You-Need-to-Know-About-the-Child-and-Dependent-Care-Tax-Credit>

Still Time to Make Your IRA Contribution for the 2015 Tax Year

IRS Tax Tip 2016-39, March 14, 2016

Did you contribute to an Individual Retirement Arrangement last year? Are you thinking about contributing to your IRA now? If so, you may have questions about IRAs and your taxes. Here are some IRS tax tips about saving for retirement using an IRA:

- **Age Rules.** You must be under age 70½ at the end of the tax year in order to contribute to a traditional IRA. There is no age limit to contribute to a Roth IRA.
- **Compensation Rules.** You must have taxable compensation to contribute to an IRA. This includes income from wages and salaries and net self-employment income. It also includes tips, commissions, bonuses and alimony. If you are married and file a joint tax return, only one spouse needs to have compensation in most cases.
- **When to Contribute.** You can contribute to an IRA at any time during the year. To count for 2015, you must contribute by the due date of your tax return. This does not include extensions. This means most people must contribute by April 18, 2016. If you contribute between Jan. 1 and April 18, make sure your plan sponsor applies it to the year you choose (2015 or 2016).
- **Contribution Limits.** In general, [the most you can contribute](#) to your IRA for 2015 is the smaller of either your taxable compensation for the year or \$5,500. If you were age 50 or older at the end of 2015, the

maximum you can contribute increases to \$6,500. If you contribute more than these limits, an additional tax will apply. The additional tax is six percent of the excess amount contributed that is in your account at the end of the year.

- **Taxability Rules.** You normally don't pay income tax on funds in your traditional IRA until you start taking distributions from it. Qualified distributions from a Roth IRA are tax-free.
- **Deductibility Rules.** You may be able to [deduct](#) some or all of your contributions to your traditional IRA. See IRS [Publication 590-A](#) for more.
- **Saver's Credit.** If you contribute to an IRA you may also qualify for the [Saver's Credit](#). It can reduce your taxes up to \$2,000 if you file a joint return. Use [Form 8880](#), Credit for Qualified Retirement Savings Contributions, to claim the credit. You can file Form 1040A or 1040 to claim the Saver's Credit.
- **New myRA.** If your employer does not offer a retirement plan, you may want to consider myRA. It is a new retirement savings plan offered by the U.S. Department of the Treasury. It's safe and affordable. You can also direct deposit your entire refund or a portion of it into an existing myRA – Retirement Account.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Do I Qualify for the Retirement Savings Contributions Credit?](#)

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<https://www.irs.gov/uac/Still-Time-to-Make-Your-IRA-Contribution-for-the-2015-Tax-Year>

Visit the IRS Small Business Tax Center for All Your Tax Needs

IRS Tax Tip 2016-40, March 15, 2016

You don't need to be a tax expert to run a business, but knowing the basics about taxes can help you run it better. You'll find the basics and much more on the IRS.gov [Small Business and Self-Employed Tax Center](#). You can apply for an [Employer Identification Number](#), download a form or learn about [employment taxes](#). The Tax Center also includes the following resources:

- **IRS Video Portal.** Watch helpful [videos and webinars](#) on many tax topics. Find out about filing and paying business taxes. Check out how an IRS audit works. Look for the "Small Biz Workshop" under the "Businesses" tab to learn the basics about small business taxes.
- **Online Tools and Educational Products.** The list of small business products includes the [Tax Calendar for Businesses and Self-Employed](#). You can view key tax dates and actions for each month with this tool. Install the IRS Calendar Connector tool on your computer to get important tax dates and tips, even when you're offline.
- **Small Business Events.** The IRS holds small business workshops, meetings and seminars at many locations throughout the country. Find out what the IRS has planned in your state by clicking "[Small Business Events](#)."

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

IRS YouTube Videos:

- IRS Tax Calendar – [English](#) | [Spanish](#) | [ASL](#)

IRS Podcasts:

- IRS Tax Calendar -- [English](#)

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<https://www.irs.gov/uac/Visit-the-IRS-Small-Business-Tax-Center-for-All-Your-Tax-Needs2>

Five Things You Should Know about the AMT

IRS Tax Tip 2016-41, March 16, 2016

You may not know about the Alternative Minimum Tax because you've never had to pay it before. However, your income may have changed and you may have to pay it this year. The AMT is an income tax imposed at nearly a flat rate on an adjusted amount of taxable income above a certain threshold. If you have a higher income, you may be subject to the AMT.

Here are five things you should know about the AMT:

1. **Know when the AMT applies.** You may have to pay the AMT if your taxable income, plus certain adjustments, is more than your AMT exemption amount. Your filing status and income define the amount of your exemption. In most cases, if your income is below this amount, you will not owe the AMT.
2. **Know exemption amounts.** The 2015 AMT exemption amounts are:
 - \$53,600 if you are Single or Head of Household.
 - \$83,400 if you are Married Filing Jointly or Qualifying Widow(er).
 - \$41,700 if you are Married Filing Separately.

You will reduce your AMT exemption if your income is more than a certain amount.

3. **Use IRS e-file.** Keep in mind that the AMT rules are complex. The easiest way to prepare and file your tax return is to use [IRS e-file](#). The tax software will figure the AMT for you, if you owe the tax.
4. **Try the tool.** Use the [AMT Assistant tool](#) on IRS.gov to find out if you need to pay the tax.
5. **Use the right forms.** Usually, if you owe the AMT, you must file [Form 6251](#), Alternative Minimum Tax – Individuals. Some taxpayers who owe the AMT can file [Form 1040A](#) and use the AMT Worksheet in the instructions.

Learn more about the AMT on IRS.gov. You can also see the [Form 6251](#) instructions. If you e-file your tax return you don't need any paper forms to mail to the IRS. If you do need a paper form, you can visit [IRS.gov/Forms](#) to view, download and print what you need right away.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Tax Topic 556](#) - Alternative Minimum Tax

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<https://www.irs.gov/uac/Five-Things-You-Should-Know-about-the-AMT>

Avoid Errors; File an Accurate Return

IRS Tax Tip 2016-42, March 17, 2016

The IRS encourages you to file an accurate tax return. Take extra time if you need it. If you make an error on your return then it will likely take longer for the IRS to process it. That could delay your refund. You can avoid many common errors by filing electronically. IRS e-file is the most accurate way to file your tax return. Seven out of ten taxpayers can use [IRS Free File](#) software at no cost.

Here are nine common tax-filing errors to avoid:

1. **Wrong or Missing Social Security Numbers.** Be sure you enter all SSNs on your tax return exactly as they are on the Social Security cards.
2. **Wrong Names.** Be sure you spell the names of everyone on your tax return exactly as they are on their Social Security cards.
3. **Filing Status Errors.** Some people use the wrong filing status, such as Head of Household instead of Single. The [Interactive Tax Assistant](#) on IRS.gov can help you choose the right status. If you e-file, tax software helps you choose.
4. **Math Mistakes.** Math errors are common. Tax preparation software does the math for e-filers.
5. **Errors in Figuring Tax Credits or Deductions.** Many filers make mistakes figuring their [Earned Income Tax Credit](#), Child and Dependent Care Credit, and the standard deduction. If you're not e-filing, follow the instructions carefully when figuring credits and deductions. For example, if you're age 65 or older or blind, be sure you claim the correct, higher standard deduction.
6. **Incorrect Bank Account Numbers.** Choose direct deposit for your refund. It's easy and convenient. However, be sure to use the right routing and account numbers on your return. The fastest and safest way to get your tax refund is to combine e-file with direct deposit.
7. **Forms Not Signed.** An unsigned tax return is like an unsigned check – it's not valid. Both spouses must sign a joint return. You can avoid this error by e-filing your taxes since you must digitally sign your tax return before you send it to the IRS.
8. **Electronic Filing PIN Errors.** When you e-file, you sign your return electronically with a Personal Identification Number. If you know last year's e-file PIN, you can use that. If you don't know it, enter the Adjusted Gross Income from the 2014 tax return that you originally filed with the IRS. Do not use the AGI amount from an amended return or a return that the IRS corrected.
9. **Health Care Reporting Errors.** The most common health care reporting errors that taxpayers make involve failing to claim a [coverage exemption](#) and not reconciling advance payments of the [premium tax credit](#). If you don't have qualifying health care coverage but meet certain criteria, you might be eligible to claim an exemption from coverage and avoid an unnecessary payment when you file your tax return. If you enrolled in health coverage through the Health Insurance Marketplace and received advance credit payments, you must file a tax return to reconcile the advance payments made on your behalf with the amount of your actual premium tax credit.

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Additional IRS Resources:

- [IRS Free File](#)
- [IRS Tax Map](#)
- [IRS Tax Trails](#)
- [Get Your Electronic Filing PIN](#)

IRS YouTube Videos:

- Welcome to Free File – [English](#)

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<https://www.irs.gov/uac/Avoid-Errors-File-an-Accurate-Return>

Time Running Out to Claim \$950 Million in Refunds for 2012 Tax Returns

IRS Special Edition Tax Tip 2016-04, March 17, 2016

If you did not file a tax return for 2012, you may be one of nearly one million taxpayers who may be due a refund from that year. If you are, you must claim your share of almost \$950 million by April 18. To claim your refund, you must file a 2012 federal income tax return. Here are the facts you need to know about unclaimed refunds:

- The unclaimed refunds apply to people who did not file a federal income tax return for 2012. The IRS estimates that half the potential refunds are more than \$718.
- Some people, such as students and part-time workers, may not have filed because they had too little income to require filing a tax return. They may have a refund waiting if they had taxes withheld from their wages or made quarterly estimated payments. A refund could also apply if they qualify for certain tax credits, such as the Earned Income Tax Credit.
- If you didn't file a 2012 return, the law generally provides a three-year window to claim a refund from that year. For 2012 returns, the window closes on April 18, 2016 (or April 19 for taxpayers in Maine and Massachusetts).
- The law requires that you properly address, mail and postmark your tax return by that date to claim your refund.
- If you don't file a claim for a refund within three years, the money becomes the property of the U.S. Treasury. There is no penalty for filing a late return if you are due a refund.
- The IRS may hold your 2012 refund if you have not filed tax returns for 2013 and 2014. The U.S. Treasury will apply the refund to any federal or state tax you owe. It also may use your refund to offset unpaid child support or past due federal debts, such as student loans.
- If you're missing Forms W-2, 1098, 1099 or 5498 for prior years, you should ask for copies from your employer, bank or other payer. If you can't get copies, [get a free transcript by mail](#) that provides the information you need by going to IRS.gov. You can also file [Form 4506-T](#) to get a transcript. Order your transcript early. Transcripts arrive in five to 10 calendar days at the address we have on file for you.

Current and prior year [tax forms and instructions](#) are available on IRS.gov or by calling 800-TAX-FORM (800-829-3676).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [IRS Has Refunds Totaling \\$950 Million for People Who Have Not Filed a 2012 Federal Income Tax Return](#)

IRS YouTube Videos:

- Amending My Return – [English](#) | [Spanish](#) | [ASL](#)

[Subscribe to IRS Tax Tips](#)

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<https://www.irs.gov/uac/Time-Running-Out-to-Claim-950-Million-in-Refunds-for-2012-Tax>Returns>

Military Members: Get Free Tax Help

IRS Tax Tip 2016-43, March 18, 2016

The IRS offers free tax help to members of the military and their families through the Volunteer Income Tax Assistance program. VITA is available both on and off base including sites for military members overseas. Here are five tips to know about free tax help for the military:

1. **Armed Forces Tax Council.** The Armed Forces Tax Council oversees the military tax programs offered worldwide.
2. **Certified Staff.** Military VITA certified employees staff their sites. They receive training on [military tax issues](#), like tax benefits for service in a combat zone. They can help you with [special extensions](#) of time to file your tax return and to pay your taxes or with special rules that apply to the Earned Income Tax Credit.
3. **What to Bring.** Take the following records with you to your military VITA site:
 - Valid photo identification.
 - Social Security numbers for you, your spouse and dependents; or individual taxpayer identification numbers (ITINs) or adoption taxpayer identification numbers (ATINs) for those who don't have Social Security numbers.
 - Birth dates for you, your spouse and dependents.
 - Your wage and earning forms, such as Forms W-2, W-2G, and 1099-R.
 - Interest and dividend statements (Forms 1099).
 - Health coverage information forms such as Form 1095-A, 1095-B or 1095-C.
 - Exemption Certificate Number for exemptions that you obtained through the Marketplace.
 - A copy of your last year's federal and state tax returns, if available.
 - Routing and account numbers for direct deposit of your tax refund.
 - Total amount you paid for day care and the day care provider's identifying number. This is usually an Employer Identification Number or Social Security number.
 - Other relevant information about your income and expenses.
4. **Joint Returns.** If you are married filing a joint return, generally both you and your spouse need to sign. If you both can't be present to sign the return, you should bring a valid power of attorney form unless you are eligible for an exception. [Publication 501](#), Exemptions, Standard Deduction, and Filing Information, has more details.
5. **Health Care Tax Law Help.** [IRS Free File](#) can help with tax provisions of the health care law. The software will walk you through the lines on the tax forms that relate to the Health Care Law. If your income was \$62,000 or less, you qualify for Free File software. If you made more than \$62,000, you can use Free File Fillable Forms.

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Additional IRS Resources:

- [Military Pay Exclusion – Combat Zone Service](#)
- [Publication 4940](#), Tax Information for Active Duty Military and Reserve Personnel
- [Publication 3](#), Armed Forces' Tax Guide
- [Gathering Your Health Coverage Documentation](#)

IRS YouTube Videos:

- Military Tax Tips – [English](#) | [Spanish](#)

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<https://www.irs.gov/uac/Military-Members-Get-Free-Tax-Help>

Tax Refund Offsets Pay Unpaid Debts

IRS Tax Tip 2016-44, March 21, 2016

If you can't pay your taxes in full, the IRS will work with you. Past due debts like taxes owed, however, can reduce your federal tax refund. The Treasury Offset Program can use all or part of your federal refund to settle certain unpaid federal or state debts, to include unpaid individual shared responsibility payments. Here are five facts to know about tax refund offsets.

1. **Bureau of the Fiscal Service.** The Department of Treasury's Bureau of the Fiscal Service, or BFS, runs the Treasury Offset Program.
2. **Offsets to Pay Certain Debts.** The BFS may also use part or all of your tax refund to pay certain other debts such as:
 - Federal tax debts.
 - Federal agency debts like a delinquent student loan.
 - State income tax obligations.
 - Past-due child and spousal support.
 - Certain unemployment compensation debts owed to a state.
3. **Notify by Mail.** The BFS will mail you a notice if it offsets any part of your refund to pay your debt. The notice will list the original refund and offset amount. It will also include the agency that received the offset payment. It will also give the agency's contact information.
4. **How to Dispute Offset.** If you wish to dispute the offset, you should contact the agency that received the offset payment. Only contact the IRS if your offset payment was applied to a federal tax debt.
5. **Injured Spouse Allocation.** You may be entitled to part or the entire offset if you filed a joint tax return with your spouse. This rule applies if your spouse is solely responsible for the debt. To get your part of the refund, file [Form 8379](#), Injured Spouse Allocation. If you need to prepare a Form 8379, you can prepare and e-file your tax return for free using [IRS Free File](#).

Health Care Law: Refund Offsets and the Individual Shared Responsibility Payment. While the law prohibits the IRS from using liens or levies to collect any individual shared responsibility payment, if you owe a shared responsibility payment, the IRS may offset your refund against that liability.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on [IRS.gov](#).

Additional IRS Resources:

- [Tax Topic 203](#) - Refund Offsets

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Page Last Reviewed or Updated: 18-Mar-2016

<https://www.irs.gov/uac/Tax-Refund-Offsets-Pay-Unpaid-Debts>

Save on Your Taxes and for Retirement with the Saver's Credit

IRS Tax Tip 2016-45, March 22, 2016

If you contribute to a retirement plan, like a 401(k) or an IRA, you may be able to claim the Saver's Credit. This credit can help you save for retirement and reduce the tax you owe. Here are some key facts that you should know about this important tax credit:

- **Formal Name.** The formal name of the Saver's Credit is the Retirement Savings Contribution Credit. The Saver's Credit is in addition to other tax savings you get if you set aside money for retirement. For example, you may also be able to deduct your contributions to a traditional IRA.
- **Maximum Credit.** The Saver's Credit is worth up to \$4,000 if you are married and file a joint return. The credit is worth up to \$2,000 if you are single. The credit you receive is often much less than the maximum. This is partly because of the deductions and other credits you may claim.
- **Income Limits.** You may be able to claim the credit depending on your filing status and the amount of your yearly income. You may be eligible for the credit on your 2015 tax return if you are:
 - Married filing jointly with income up to \$61,000
 - Head of household with income up to \$45,750
 - Married filing separately or a single taxpayer with income up to \$30,500
- **Other Rules.** Other rules that apply to the credit include:
 - You must be at least 18 years of age.
 - You can't have been a full-time student in 2015.
 - No other person can claim you as a dependent on their tax return.
- **Contribution Date.** You must have contributed to a 401(k) plan or similar workplace plan by the end of the year to claim this credit. However, you can contribute to an IRA by the due date of your tax return and still have it count for 2015. The due date for most people is April 18, 2016.
- **Form 8880.** File [Form 8880](#), Credit for Qualified Retirement Savings Contributions, to claim the credit.
- **Free File.** If you can claim the credit, you can prepare and e-file your tax return for free using [IRS Free File](#). The tax software will do the hard work for you. It will do the math and complete the right forms. Free File is available only through the IRS.gov website.

Use the Interactive Tax Assistant [interview tool](#) to help you determine if you qualify to claim the Retirement Savings Contributions Credit.

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Additional IRS Resources:

- [Filing Your Taxes](#)
- [IRS Tax Map](#)
- [Publication 590-A](#), Contributions to Individual Retirement Arrangements (IRAs)

IRS YouTube Video:

- Welcome to Free File – [English](#)

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<https://www.irs.gov/uac/Save-on-Your-Taxes-and-for-Retirement-with-the-Savers-Credit-1>

Bartering Produces Taxable Income and Reporting Requirements

IRS Tax Tip 2016-46, March 23, 2016

Bartering is the trading of one product or service for another. Often there is no exchange of cash. Some businesses barter to get products or services they need. For example, a gardener might trade landscape work with a plumber for plumbing work.

If you barter, you should know that the value of products or services from bartering is normally taxable income. This is true even if you are not in business.

A few facts about bartering:

- **Bartering income.** Both parties must report the fair market value of the product or service they get as income on their tax return.
- **Barter exchanges.** A barter exchange is an organized marketplace where members barter products or services. Some operate out of an office and others over the Internet. All barter exchanges are required to issue [Form 1099-B](#), Proceeds from Broker and Barter Exchange Transactions. Exchanges must give a copy of the form to its members who barter each year. They must also file a copy with the IRS.
- **Trade Dollars.** Exchanges trade barter or trade dollars as their unit of exchange in most cases. Barter and trade dollars are the same as U.S. currency for tax purposes. If you earn trade and barter dollars, you must report the amount you earn on your tax return.
- **Tax implications.** Bartering is taxable in the year it occurs. The tax rules may vary based on the type of bartering that takes place. Barterers may owe income taxes, self-employment taxes, employment taxes or excise taxes on their bartering income.
- **Reporting rules.** How you report bartering on a tax return varies. If you are in a trade or business, you normally report it on Form 1040, [Schedule C](#), Profit or Loss from Business.

Go to the [Bartering Tax Center](#) on IRS.gov for more information.

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<https://www.irs.gov/uac/Bartering-Produces-Taxable-Income-and-Reporting-Requirements>

Six Facts You Should Know Before Deducting a Charitable Donation

IRS Tax Tip 2016-47, March 24, 2016

If you gave money or goods to a charity in 2015, you may be able to claim a deduction on your federal tax return. Here are six important facts you should know about charitable donations.

1. **Qualified Charities.** You must donate to a qualified charity. Gifts to individuals, political organizations or candidates are not deductible. An exception to this rule is contributions under the [Slain Officer Family Support Act of 2015](#). To check the status of a charity, use the IRS [Select Check](#) tool.
2. **Itemize Deductions.** To deduct your contributions, you must file Form 1040 and itemize deductions. File [Schedule A](#), Itemized Deductions, with your federal tax return.
3. **Benefit in Return.** If you get something in return for your donation, you may have to reduce your deduction. You can only deduct the amount of your gift that is more than the value of what you got in return. Examples of benefits include merchandise, meals, tickets to an event or other goods and services.
4. **Type of Donation.** If you give property instead of cash, your deduction amount is normally limited to the item's fair market value. Fair market value is generally the price you would get if you sold the property on the open market. If you donate used clothing and household items, they generally must be in good condition, or better, to be deductible. Special rules apply to cars, boats and other types of property donations.
5. **Form to File and Records to Keep.** You must file [Form 8283](#), Noncash Charitable Contributions, for all noncash gifts totaling more than \$500 for the year. If you need to prepare a Form 8283, you can prepare and e-file your tax return for free using [IRS Free File](#). The type of records you must keep depends on the amount and type of your donation. To learn more about what records to keep see [Publication 526](#).
6. **Donations of \$250 or More.** If you donated cash or goods of \$250 or more, you must have a written statement from the charity. It must show the amount of the donation and a description of any property given. It must also say whether you received any goods or services in exchange for the gift.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Can I Deduct my Charitable Contributions?](#)
- [Charitable Contributions – Topic 506](#)
- [Publication 561](#), Determining the Value of Donated Property

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<https://www.irs.gov/uac/Six-Facts-You-Should-Know-Before-Deducting-a-Charitable-Donation>

Can't Pay Taxes On Time? Here Are Five Tips

IRS Tax Tip 2016-48, March 25, 2016

The IRS urges you to file on time even if you can't pay what you owe. This saves you from potentially paying a penalty for a late filed return.

Here is what to do if you can't pay all your taxes by the due date.

1. **File on time and pay as much as you can.** You can pay online, by phone, or by check or money order. Visit IRS.gov for [electronic payment options](#).

2. **Get a loan or use a credit card to pay your tax.** The interest and fees charged by a bank or credit card company may be less than IRS interest and penalties. For [credit card options](#), see IRS.gov.
3. **Use the Online Payment Agreement tool.** You don't need to wait for IRS to send you a bill before you ask for a [payment plan](#). The best way is to use the [Online Payment Agreement tool](#) on IRS.gov. You can also file [Form 9465](#), Installment Agreement Request, with your tax return. You can even set up a direct debit agreement. With this type of payment plan, you won't have to write a check and mail it on time each month.
4. **Don't ignore a tax bill.** If you get a bill, don't ignore it. The IRS may take collection action if you ignore the bill. Contact the IRS right away to talk about your options. If you are suffering [financial hardship](#), the IRS will work with you.
5. **File to reconcile Advance Payments of the Premium Tax Credit.** You must file a tax return and submit [Form 8962](#) to reconcile advance payments of the premium tax credit with the actual premium tax credit to which you are entitled. You will need [Form 1095-A](#) from the Marketplace to complete Form 8962. Failure to reconcile your advance payments of the premium tax credit on Form 8962 may make you ineligible to receive future advance payments.

Remember to file on time. Pay as much as you can by the tax deadline and pay the rest as soon as you can. Find out more about the IRS [collection process](#) on IRS.gov. Also check out [IRSVideos.gov/OweTaxes](#).

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IRS YouTube Videos:

- Extension of Time to File – [English](#) | [Spanish](#) | [ASL](#)

IRS Podcasts:

- Extension of Time to File - [English](#)

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Page Last Reviewed or Updated: 25-Mar-2016

<https://www.irs.gov/uac/Can't-Pay-Taxes-On-Time-Here-Are-Five-Tips>

Reporting Foreign Income: Eight Tax Tips From the IRS

IRS Tax Tip 2016-49, March 28, 2016

Did you receive income from a foreign source in 2015? Are you a U.S. citizen or resident who worked abroad last year? If you answered 'yes' to either of those questions, here are eight tips to keep in mind about foreign income:

1. **Report Worldwide Income.** By law, U.S. citizens and residents must report their worldwide income. This includes income from foreign trusts and foreign bank and securities accounts.
2. **File Required Tax Forms.** You may need to file [Schedule B](#), Interest and Ordinary Dividends, with your U.S. tax return. You may also need to file [Form 8938](#), Statement of Specified Foreign Financial Assets. In some cases, you may need to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. Visit IRS.gov for [more information](#).
3. **Review the Foreign Earned Income Exclusion.** If you live and work abroad, you may be able to claim the [foreign earned income](#) exclusion. If you qualify, you won't pay tax on up to \$100,800 of your wages and other foreign earned income in 2015. See [Form 2555](#), Foreign Earned Income, or [Form 2555-EZ](#), Foreign Earned Income Exclusion, for more details.

4. **Don't Overlook Credits and Deductions.** You may be able to take a [tax credit](#) or a [deduction](#) for income taxes paid to a foreign country. These benefits can reduce your taxes if both countries tax the same income.
5. **Additional Child Tax Credit.** You cannot claim the additional child tax credit if you file Form 2555, Foreign Earned Income, or 2555-EZ, Foreign Earned Income Exclusion.
6. **Use IRS Free File.** Almost everyone can prepare and e-file their federal tax returns for free, using [IRS Free File](#). If you make \$62,000 or less, you can use brand-name tax software. If you earn more, you can use Free File Fillable Forms, an electronic version of IRS paper forms. Some Free File software products and fillable forms also support foreign addresses. Free File is available only through IRS.gov.
7. **Tax Filing Extension is Available.** If you live outside the U.S. and can't file your tax return by the April 18 due date, you may qualify for an automatic two-month extension until June 15. This extension also applies to those serving in the U.S. military abroad. You will need to attach a statement to your tax return explaining why you qualify for the extension.
8. **Get IRS Tax Help.** Check the [international services](#) site for the types of help the IRS provides, including how to contact your local office internationally. All IRS tax tools and products are available at IRS.gov.

For more on this topic refer to [Publication 54](#), Tax Guide for U.S. Citizens and Resident Aliens Abroad. You can get all IRS tax products on [IRS.gov/forms](#).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Taxation of U.S. Resident Aliens](#)
- [Publication 514](#), Foreign Tax Credit for Individuals
- [International Taxpayers](#)

IRS YouTube Video:

- Welcome to Free File – [English](#)
- International Taxpayers - Foreign Earned Income Exclusion -- [English](#)

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Page Last Reviewed or Updated: 25-Mar-2016

<https://www.irs.gov/uac/Reporting-Foreign-Income-Eight-Tax-Tips-From-the-IRS-1>

Six Tips You Should Know about Employee Business Expenses

IRS Tax Tip 2016-50, March 29, 2016

If you paid for work-related expenses out of your own pocket, you may be able to deduct those costs. In most cases, you can claim allowable expenses if you itemize on IRS Schedule A, Itemized Deductions. You can deduct the amount that is more than two percent of your adjusted gross income. Here are six other facts you should know:

1. **Ordinary and Necessary.** You can only deduct unreimbursed expenses that are ordinary and necessary to your work as an employee. An ordinary expense is one that is common and accepted in your industry. A necessary expense is one that is appropriate and helpful to your business.

2. **Expense Examples.** Some costs that you may be able to deduct include:
 - Required work clothes or uniforms not appropriate for everyday use.
 - Supplies and tools you use on the job.
 - Business use of your car.
 - Business meals and entertainment.
 - Business travel away from home.
 - Business use of your home.
 - Work-related education.

This list is not all-inclusive. Special rules apply if your employer reimbursed you for your expenses. To learn more, check out [Publication 529](#), Miscellaneous Deductions. You should also refer to [Publication 463](#), Travel, Entertainment, Gift and Car Expenses.

3. **Forms to Use.** In most cases, you report your expenses on [Form 2106](#) or [Form 2106-EZ](#). After you figure your allowable expenses, you then list the total on [Schedule A](#) as a miscellaneous deduction.
4. **Educator Expenses.** If you are a K-12 teacher, you may be able to deduct up to \$250 of certain expenses you paid in 2015. These may include books, supplies, equipment and other materials used in the classroom. You claim this deduction as an adjustment on your return, rather than an itemized deduction. For more on this topic see [Publication 529](#).
5. **Keep Records.** You must [keep records](#) to prove the expenses you deduct. For what records to keep, see [Publication 17](#), Your Federal Income Tax.
6. **IRS Free File.** Most people qualify to use free, brand-name software to prepare and e-file their federal tax returns with [IRS Free File](#). Free File software will help you determine if you can deduct your expenses. It will do the math, fill out the forms and e-file your return – all for free. Check your other [e-file options](#) if you can't use Free File.

Visit [IRS.gov/forms](https://www.irs.gov/forms) to view, download or print IRS tax products anytime.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

IRS YouTube Video:

Welcome to Free File – [English](#)

[Subscribe to IRS Tax Tips](#)

Page Last Reviewed or Updated: 28-Mar-2016

<https://www.irs.gov/uac/Six-Tips-You-Should-Know-about-Employee-Business-Expenses-1>

Need More Time to File Your Taxes?

IRS Tax Tip 2016-51, March 30, 2016

The April 18 tax deadline is coming up. If you need more time to file your taxes, you can get an automatic six-month extension from the IRS. Here are five things to know about filing an extension:

1. **Use IRS Free File to file an extension.** You can use [IRS Free File](#) to e-file your extension request for free. Free File is only available through IRS.gov. You must e-file the extension request by midnight April 18. If you do request an extension, come back to Free File to prepare and e-file your taxes for free. You can access the program at any time through Oct. 17.

2. **Use Form 4868.** You can also request an extension by filling out [Form 4868](#), Application for Automatic Extension of Time to File U.S. Individual Income Tax Return. You must mail this form to the IRS by April 18. Form 4868 is available on [IRS.gov/forms](#).
3. **More time to file is not more time to pay.** An [extension to file](#) will give you until Oct. 17 to file your taxes. It does not, however, give you more time to pay your taxes. Estimate and pay what you owe by April 18 to avoid a potential late filing penalty. You will be charged interest on any tax that you don't pay on time. You may also owe a penalty if you pay your tax late. Interest is normally charged on any unpaid tax.
4. **IRS Direct Pay.** Pay your tax with IRS Direct Pay. Visit [IRS.gov/directpay](#) to use this free and secure way to pay from your checking or savings account. You also have other [electronic payment options](#). The IRS will automatically process your extension – and you don't have to file a separate request -- when you pay electronically. You can pay online or by phone.
5. **IRS helps if you can't pay all you owe.** If you can't pay all the tax you owe, the IRS offers you [payment options](#). In most cases, you can apply for an installment agreement with the [Online Payment Agreement application](#) on IRS.gov. You may also file Form 9465, Installment Agreement Request. If you can't make payments because of [financial hardship](#), the IRS will work with you.

You can use our [Interactive Tax Assistant](#) to help you determine the due date of your federal tax return, or whether you are eligible to file for an extension.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

IRS YouTube Video:

- Welcome to Free File – [English](#)
- Extension of Time to File – [English](#) | [Spanish](#) | [ASL](#)

[Subscribe to IRS Tax Tips](#)

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<https://www.irs.gov/uac/Need-More-Time-to-File-Your-Taxes-3>

What You Should Know about Children with Investment Income

IRS Tax Tip 2016-52, March 31, 2016

Special tax rules may apply to some children who receive investment income. The rules may affect the amount of tax and how to report the income. Here are five important points to keep in mind if your child has investment income:

1. **Investment Income.** Investment income generally includes interest, dividends and capital gains. It also includes other unearned income, such as from a trust.
2. **Parent's Tax Rate.** If your child's total investment income is more than \$2,100 then your tax rate may apply to part of that income instead of your child's tax rate. See the instructions for [Form 8615](#), Tax for Certain Children Who Have Unearned Income.

3. **Parent's Return.** You may be able to include your child's investment income on your tax return if it was less than \$10,500 for the year. If you make this choice, then your child will not have to file his or her own return. See [Form 8814](#), Parents' Election to Report Child's Interest and Dividends, for more.
4. **Child's Return.** If your child's investment income was \$10,500 or more in 2015 then the child must file their own return. File [Form 8615](#) with the child's federal tax return.
5. **Net Investment Income Tax.** Your child may be subject to the [Net Investment Income Tax](#) if they must file Form 8615. Use [Form 8960](#), Net Investment Income Tax, to figure this tax.

Refer to [IRS Publication 929](#), Tax Rules for Children and Dependents. You can get related forms and publications on IRS.gov.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Questions and Answers](#) on the Net Investment Income Tax
- [Filing Your Taxes](#)
- [IRS Tax Map](#)

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<https://www.irs.gov/uac/What-You-Should-Know-about-Children-with-Investment-Income>

Don't be Fooled; IRS Scams Continue to Pose Serious Threat

IRS Special Edition Tax Tip 2016-05, March 31, 2016

The Internal Revenue Service has some advice for taxpayers this April Fool's Day that may prevent them from being the victim of a tax scam: Don't be fooled by scammers. Stay safe and be informed. Here are some of the most recent IRS-related scams to be on the lookout for:

Telephone Scams. [Aggressive and threatening phone calls](#) by criminals impersonating IRS agents remain an ongoing threat. The IRS has seen a surge of these phone scams in recent years as scam artists threaten taxpayers with police arrest, deportation, license revocation and more. These con artists often demand payment of back taxes on a prepaid debit card or by immediate wire transfer. Be alert to con artists impersonating IRS agents and demanding payment.

Note that the IRS will never:

- Call to demand immediate payment over the phone or call about taxes owed without first having mailed you a bill.
- Threaten to immediately bring in local police or other law enforcement groups to have you arrested for not paying.
- Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe.
- Require you to use a specific payment method for your taxes, such as a prepaid debit card.
- Ask for credit or debit card numbers over the phone or threaten to bring in local police or other law enforcement groups to have you arrested for not paying.

Scammers Change Tactics. The IRS is receiving new reports of scammers calling under the guise of verifying tax return information over the phone. The latest variation on this scam uses the current tax filing season as a hook.

Scam artists call saying they are from the IRS and have received your tax return, and they just need to verify a few details to process it. The scam tries to get you to give up personal information such as a Social Security number or personal financial information, such as bank numbers or credit cards.

Tax Refund Scam Artists Posing as TAP. In this new email scam targeting taxpayers, people are receiving emails that appear to come from the Taxpayer Advocacy Panel, a volunteer board that advises the IRS on issues affecting taxpayers. They try to trick you into providing personal and financial information. Do not respond or click the links in these emails. If you receive an email that appears to be from TAP regarding your personal tax information, forward it to phishing@irs.gov.

Email, Phishing and Malware Schemes. The IRS has seen an approximate 400 percent surge in [phishing and malware incidents](#) so far in the 2016 tax season.

The emails are designed to trick taxpayers into thinking these are official communications from the IRS or others in the tax industry, including tax software companies. The phishing schemes can ask taxpayers about a wide range of topics. Emails can seek information related to refunds, filing status, confirming personal information, ordering transcripts and verifying PIN information.

Variations of these scams can be seen via text messages, and the communications are being reported in every section of the country.

When people click on these email links, they are taken to sites designed to imitate an official-looking website, such as IRS.gov. The sites ask for Social Security numbers and other personal information, which could be used to help file false tax returns. The sites also may carry malware, which can infect your computer and allow criminals to access your files or track your keystrokes to gain information.

If you get a 'phishing' email, the IRS offers this advice:

- Don't reply to the message.
- Don't give out your personal or financial information.
- Forward the email to phishing@irs.gov. Then delete it.
- Don't open any attachments or click on any links. They may have malicious code that will infect your computer.

More information on how to [report phishing or phone scams](#) is available on IRS.gov.

Additional IRS Resources:

- [IRS Releases the "Dirty Dozen" Tax Scams for 2016](#)

IRS YouTube Video:

- Tax Scams - [English](#) | [Spanish](#) | [ASL](#)

Podcasts:

- Tax Scams - [English](#) | [Spanish](#)

[Subscribe to IRS Tax Tips](#)

Page Last Reviewed or Updated: 31-Mar-2016

<https://www.irs.gov/uac/Dont-be-Fooled-IRS-Scams-Continue-to-Pose-Serious-Threat>

What's Hot

Here you'll find items of current interest — new programs, recent guidance or timely reminders.

Legislation

In the past few years, there have been several laws passed that have tax implications. For more information, visit our pages on:

- [The Affordable Care Act \(ACA\) Tax Provisions](#)
- [The American Recovery and Reinvestment Act of 2009 \(ARRA\)](#)

Social Media

Follow IRS on [new media](#), including [Tumblr](#).

For Same-Sex Couples and Certain Domestic Partners

The following questions and answers provide information to individuals of the same sex who are lawfully married (same-sex spouses).

- [Answers to Frequently Asked Questions for Individuals of the Same Sex Who Are Married Under State Law](#)

Additional information may be found in:

- News release: [New IRS Video Helps Same-Sex Couples; Joins Extensive IRS Library Of Online Tax Tips](#)
- IRS YouTube video: Tax Information About Same-Sex Marriage (in [English](#) / [Spanish](#) / [ASL](#))

The following questions and answers provide information to individuals of the same sex and opposite sex who are in registered domestic partnerships, civil unions, or other similar formal relationships that are not marriages under state law. These individuals are not considered as married or spouses for federal tax purposes.

- [Answers to Frequently Asked Questions for Registered Domestic Partners and Individuals in Civil Unions](#)

Additional information on these issues may be found in [Notice 2014-37](#), [Notice 2014-19](#), [Notice 2013-61](#), [Revenue Ruling 2013-17](#) and news release [IR-2013-72](#), Treasury and IRS Announce That All Legal Same-Sex Marriages Will Be Recognized For Federal Tax Purposes; Ruling Provides Certainty, Benefits and Protections Under Federal Tax Law for Same-Sex Married Couples.

Tax Return Preparer Requirements

The IRS has undertaken several initiatives to reach tax return preparers with education and enforcement. All paid preparers must register with the IRS and obtain a Preparer Tax Identification Number (PTIN). Find out [more](#).

Consumer Alerts

Please note that the IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.

- If you get an unsolicited email that appears to be from the IRS, please report it by sending it to phishing@irs.gov.
- If you find a suspicious website that claims to be the IRS, please send the site's URL by email to phishing@irs.gov, using the subject line: suspicious website.

For more information on phishing scams, please see [Suspicious e-Mails and Identity Theft](#).

2015

Telephone Scam Still Making the Rounds

See our news release, [Scam Phone Calls Continue; IRS Identifies Five Easy Ways to Spot Suspicious Calls](#), and the October 2013 item, below, for more information.

March 2014

New Email Phishing Scam

The IRS has been alerted to a new email phishing scam. The emails appear to be from the IRS Taxpayer Advocate Service and include a bogus case number and the following message:

“Your reported 2013 income is flagged for review due to a document processing error. Your case has been forwarded to the Taxpayer Advocate Service for resolution assistance. To avoid delays processing your 2013 filing contact the Taxpayer Advocate Service for resolution assistance.”

The recipient is directed to click on links that supposedly provide information about the "advocate" assigned to their case or that let them "review reported income." The links lead to web pages that solicit personal information.

Taxpayers who get these messages should not respond to the email or click on the links. Instead, they should forward the scam emails to the IRS at phishing@irs.gov. For more information, visit the IRS's [Report Phishing](#) web page.

The Taxpayer Advocate Service is a legitimate IRS organization that helps taxpayers resolve federal tax issues that have not been resolved through the normal IRS channels. The IRS, including TAS, does not initiate contact with taxpayers by email, texting or any social media.

November 2013

Typhoon Haiyan Relief Scams

Possible [scams](#) are taking place in the wake of Typhoon Haiyan. On Nov. 8, 2013, Typhoon Haiyan — known as Yolanda in the Philippines — made landfall in the central Philippines, bringing strong winds and heavy rains that have resulted in flooding, landslides, and widespread damage.

Following major disasters, it is common for scam artists to impersonate charities to get money or private information from well-intentioned taxpayers. Such fraudulent schemes may involve contact by telephone, social media, email or in-person solicitations.

October 2013

Telephone Scam Now Making the Rounds

The IRS warns consumers about a [sophisticated phone scam](#) targeting taxpayers, including recent immigrants, throughout the country. Victims are told they owe money to the IRS and it must be paid promptly through a pre-loaded debit card or wire transfer. If the victim refuses to cooperate, they are then threatened with arrest, deportation or suspension of a business or driver's license. Characteristics of this scam include:

- Scammers use fake names and IRS badge numbers. They generally use common names and surnames to identify themselves.
- Scammers may be able to recite the last four digits of a victim's Social Security Number.
- Scammers spoof the IRS toll-free number on caller ID to make it appear that it's the IRS calling.
- Scammers sometimes send bogus IRS emails to some victims to support their bogus calls.
- Victims hear background noise of other calls being conducted to mimic a call site.
- After threatening victims with jail time or driver's license revocation, scammers hang up and others soon call back pretending to be from the local police or DMV, and the caller ID supports their claim.

If you know you owe taxes or you think you might owe taxes, call the IRS at 1-800-829-1040. If you know you don't owe taxes or have no reason to think that you owe any taxes (for example, you've never received a bill or the caller made some bogus threats as described above), call and report the incident to the [Treasury Inspector General for Tax Administration](#) at 1-800-366-4484.

October 2012

Don't Fall for Phony IRS Websites

The IRS warns consumers about a new tax scam that uses a website that mimics the IRS e-Services online registration page.

The actual IRS e-Services page offers web-based products for tax preparers, not the general public. The phony web page looks almost identical to the real one.

The IRS gets many reports of fake websites like this. Criminals use these sites to lure people into providing personal and financial information that may be used to steal the victim's money or identity. Typically, identity thieves empty the victim's financial accounts, run up charges on the victim's existing credit cards or apply for new loans, credit cards, services or benefits in the victim's name.

The address of the official IRS website is www.irs.gov. Don't be misled by sites claiming to be the IRS but ending in .com, .net, .org or other designations instead of .gov.

The IRS website has information that can help you protect yourself from tax scams of all kinds. Search the site using the term: phishing.

Interim Changes to the ITIN Application Process

Effective June 22, 2012, the IRS has made interim changes that affect the Individual Taxpayer Identification Number (ITIN) application process. Some of the information below, including the documentation requirements for individuals seeking an ITIN, has been superseded by these changes. Taxpayers and their representatives should [review these changes](#), which are further explained in these [Frequently Asked Questions](#), before requesting an ITIN.

On Oct. 2, 2012, the IRS implemented [clarifying changes to its temporary procedures for issuing ITINs](#) for noncitizens with tax Extensions and many foreign students.

Beginning Jan. 1, 2013, the IRS implemented improvements to the [Individual Taxpayer Identification Number](#) (ITIN) application process. These changes were developed based on an extensive review and feedback from a variety of stakeholders. The updated ITIN procedures build on changes announced last summer and fall to better protect the integrity of the ITIN application process and strengthen the refund process. Read about the new program changes and check out the latest frequently asked questions for more information.

How to Report Settlement Payments for Corrosive Drywall on Tax Returns

Many taxpayers recently received payments due to the settlement of class-action lawsuits regarding corrosive or defective drywall. These [questions and answers](#) are intended to assist homeowners with how to properly report drywall settlement payments on their federal income tax returns.

Help for Victims of Ponzi Investment Schemes

If you've been the victim of a Ponzi scheme, [find out more](#) about how it affects your tax situation. We also have some new [Q&As](#) about distributions received from a trustee/receiver.

Principal Reduction Alternative Under the Home Affordable Modification Program

Find the answers to your tax questions on the [Principal Reduction Alternative](#) under the Home Affordable Modification Program (HAMP), which was established by the Departments of the Treasury and Housing and Urban Development to help distressed homeowners lower their monthly mortgage payments. The Principal Reduction Alternative does not apply to loans that are owned or guaranteed by Fannie Mae or Freddie Mac.

Tax Scams

Don't fall victim to tax scams. Remember — if it sounds too good to be true, it probably is. If you know of a tax fraud, you can report it to the IRS by sending completed [Form 3949-A](#), Information Referral, to Internal Revenue Service, Fresno, CA 93888. Download the form or call 1-800-829-3676 to order by mail.

For recent scams, see:

- [IR-2015-26](#), IRS Completes the "Dirty Dozen" Tax Scams for 2015
- [IR-2014-16](#), IRS Releases the "Dirty Dozen" Tax Scams for 2014; Identity Theft, Phone Scams Lead List
- [IR-2013-33](#), IRS Releases the Dirty Dozen Tax Scams for 2013
- [IR-2012-23](#), IRS Releases the Dirty Dozen Tax Scams for 2012
- [IR-2011-73](#), IRS Urges Taxpayers to Avoid Becoming Victims of Tax Scam
- [IR-2011-39](#), Don't Fall Prey to the 2011 Dirty Dozen Tax Scams

Education is the best way to avoid the pitfalls of these "too good to be true" tax scams. For additional information, see:

- [Tax Scams — How to Recognize and Avoid Them](#)
 - Criminal Investigation's [Tax Fraud Alerts](#)
-

Phishing Scams

The IRS does not send taxpayers unsolicited emails about their tax accounts, tax situations or personal tax issues. If you receive such an email, most likely it's a scam.

IRS impersonation schemes flourish during filing season. These schemes may take place via phone, fax, Internet sites, social networking sites and particularly email.

Many impersonations are identity theft scams that try to trick victims into revealing personal and financial information that can be used to access their financial accounts. Some email scams contain attachments or links that, when clicked, download malicious code (virus) that infects your computer or direct you to a bogus form or site posing as a genuine IRS form or web site.

Some impersonations may be commercial Internet sites that consumers unknowingly visit, thinking they're accessing the genuine IRS website, www.irs.gov. However, such sites have no connection to the IRS.

For more information on scams and what to do if you're subject to one, see:

- [Online Scams that Impersonate the IRS](#)
- [Suspicious e-Mails and Identity Theft](#)
- [How to Report and Identify Phishing, E-mail Scams and Bogus IRS Web Sites](#)

Tax Avoidance Transactions

Read up on the IRS's campaign against [abusive tax avoidance transactions](#). Taxpayers with unreported income relating to offshore transactions who wish to [voluntarily disclose](#) the information to the IRS can find information on the process.

Why Pay Taxes? The Truth about Frivolous Tax Arguments

The Truth About Frivolous Tax Arguments ([PDF 405K](#)) addresses some of the more common false "legal" arguments made by individuals and groups who oppose compliance with the federal tax laws. These arguments are grouped under six general categories, with variations within each category. Each contention is briefly explained, followed by a discussion of the legal authority that rejects the contention. The second section deals with frivolous arguments encountered in collection due process cases. The final section illustrates penalties imposed on those pursuing frivolous cases.

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<https://www.irs.gov/uac/What's-Hot>

Tax Design Challenge” Begins Soon

Public Invited to Imagine the Taxpayer Experience of the Future

Follow us [@IRSNews](#) #taxdesign

IR-2016-53, March 30, 2016

WASHINGTON — The Internal Revenue Service today announced the upcoming start of its first Tax Design Challenge crowdsourcing competition to encourage innovative ideas for the taxpayer experience of the future.

The effort, being done in coordination with the Mortgage Bankers Association (MBA), is a crowdsourcing competition open to the public. The competition will engage teams of designers, developers, and innovative thinkers across the U.S. to envision options for taxpayer interactions.

“Crowdsourcing is a new activity for the IRS, but we believe working with citizens and the private sector will help support innovation in an important area for the nation's tax system,” said IRS Commissioner John Koskinen. “The Tax Design Challenge reflects our commitment to find the best ideas and plan for a future state of tax administration that works well for taxpayers and our partners.”

The three-week competition invites the public to imagine the taxpayer experience of the future and specifically design an online experience that better organizes and presents a person's tax information. The goal is to make it easier for a person to manage their tax responsibilities, and use their own tax data to make informed and effective decisions about their personal finances.

“At MBA, one of our goals is to help families achieve home ownership, and the ability to safely obtain and share one's own tax information is critical to that process. Ultimately, the designs produced through this competition could help millions of Americans securely interact with our tax system faster and easier,” said David H. Stevens, CMB, President and CEO of the Mortgage Bankers Association.

Submissions will be accepted starting April 17 through May 10, 2016. Participants must first register on the website www.taxdesignchallenge.com.

Throughout the competition, participants will have the chance to engage with policy experts and a network of mentors that include world-class strategists and designers from government and non-government organizations. The winning designs will be showcased in an online gallery and receive monetary prizes, funded exclusively by the Mortgage Bankers Association. Employees of the IRS and MBA are not eligible to participate in the contest.

Each submission will be considered for all three prize categories listed below. A review panel will select winners based on defined criteria and an individual submission can win multiple awards:

- Overall Design—\$10,000 (1st), and \$5,000 (2nd).
- Best Taxpayer Usefulness—\$2,000 (1st), and \$1,000 (2nd).
- Best Financial Capability—\$2,000 (1st), and \$1,000 (2nd)

Awards may be subject to federal income taxes.

Since 2010, the federal government has administered more than 660 prize competitions. The Tax Design Challenge is authorized under the America COMPETES Reauthorization Act (Pub. L. 111-358).

For more about this government-wide program, visit www.challenge.gov.

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<https://www.irs.gov/uac/Newsroom/Tax-Design-Challenge-Begins-Soon>