

## TAX TIPS: A HELPFUL GUIDE FOR LAST-MINUTE FILERS



By: Jason Werner - March 21, 2024

Tax season. It comes around every year, but it seems many are hesitant to file their returns. According to a recent report from IPX 1031, 1 in 4 Americans say they don't feel prepared to file their taxes this year and another 29% admitted they're putting off filing.

It's no secret that doing your taxes can be an overwhelming and stressful process, especially if you have a complex financial situation. The deadline is fast approaching, so if you are someone who finds themselves waiting until the last minute to file, there are some things you'll want to be aware of to ensure the process goes as smoothly as possible.

As you prepare to file, it's important to know when your returns are due. This might seem like common sense, but missing the deadline could lead to penalties. According to the report from IPX 1031, 28% of Americans aren't aware of the correct deadline to file and one in five believe they're due on April 18th, which is incorrect. You have until Monday, April 15th to file your returns or request an extension unless you live in Maine or Massachusetts. Residents in those two states have until April 17th due to state holidays. Once you know how much time you have to work with, you can make a plan for getting them filed on time.

The next move you'll need to make is locating and organizing all of your documents. This includes your Social Security or tax ID number, bank account information to receive or pay any balances you may owe, your W-2 and 1099, and expense records. If you're crunch-

ing to file, the last thing you'll want to do is spend time searching for any missing documents. Consider making a checklist of all the files you'll need and dedicate some time in completing that list before you sit down to file.

Next, you'll want to review any contributions you're making to a retirement account like a Traditional or an employer-sponsored 401K. The same goes for any employer-sponsored health savings accounts. Claiming these deductions will reduce your taxable income which may allow you to potentially stay in a lower tax-bracket, keeping more of your money in your pocket. The IRS does enforce contribution limits that change each year, so be sure to understand those limits when it comes to contributions to traditional retirement plans.

For 2024, the contribution limit is \$7,000 for individuals under 50 years of age, while allowing for \$8,000 for those who are older than 50 years of age. (Although Roth IRA's do not have deduction privileges due to the nature of paying taxes prior to funding, it is important to know their contribution limits are similar to that of Traditional IRA's. Also, their contributions may be less if your modified adjusted income is above that given year's threshold.) A few other qualifying-deductions and credits to keep in mind are charity donations, child tax credits, education costs, and lower income levels.

Be sure to talk with your financial advisor about any credits or deductions you'll want to claim before you file. Although the standard deduction may negate the needs for itemized deductions, it is always a best practice to organize your info to ensure you are in the best

possible situation when filing.

If you realize you're not going to make this year's April 15th deadline, you'll need to file for an extension to avoid being penalized. If you're leery about filing for an extension, you're not alone. A report from the Wall Street Journal found about 10% to 15% of Americans typically file for extensions each year. If you're running out of time, it's crucial to file for an extension because there's no penalty in doing so.

On the contrary, failing to file an extension could absolutely lead to penalties and interest. In order to file an extension, visit the IRS' website and complete Form 4868. Applications must be submitted by the April 15th deadline. If you believe that your return will result in you owing money to the government, make sure to send in your estimated tax to avoid additional interest or penalties. The extended deadline you receive will be dependent on your specific financial situation.

As you're finishing up, one of the most important things you can do is review your work. Be sure to check for misspellings, numerical errors, and discrepancies once you are finished. It is very important to avoid any mistakes that could lead to an inaccurate return.

Although there's a lot to keep in mind, filing your taxes doesn't have to be a painful process. The goal is to stay organized and to continue to educate yourself on the process to ensure it runs as smoothly as possible. And remember, you don't have to do this all on your own. Take advantage of the resources available to you and consult a professional when in doubt.

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