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SHOULD YOU FILE A TAX RETURN EVEN IF YOU ARE NOT REQUIRED TO?

By Victor Sy, CPA

Let's discuss 10 reasons why you should consider filing, even you are not required to:

1. You **expect a refund**. You have credits that can generate a refund - from taxes withheld from your paycheck, estimated tax payments, or a prior-year overpayments applied to this year.
2. You may qualify for **Earned Income Tax Credit (EITC)** if you worked, but did not earn a lot of money. EITC is a *refundable* tax credit; which means that you could qualify for a tax refund.
3. You may qualify for **Child Tax Credit** of \$1,000 for each child through age 16. The dependent must be your child or stepchild with a valid social security number, and citizen or resident of the U.S.
4. You may qualify for **Additional Child Tax Credit**. This refundable credit may be available to you if you have at least one qualifying child and you did not get the full amount of the Child Tax Credit discussed above.
5. You may qualify for **American Opportunity Credit (Hope Credit)**. The maximum credit per student is **\$2,500** for the first four years of postsecondary education.
6. You may qualify for **Health Coverage Tax Credit**. Certain individuals, who are receiving Trade Adjustment Assistance, Reemployment Trade Adjustment Assistance, or pension benefit payments from the Pension Benefit Guaranty Corporation, may be eligible for a Health Coverage Tax Credit worth 80 percent of monthly health insurance premiums when you file your **2011** tax return.
7. You get pestered with **notices to file** by the federal and state governments. It's easier to just file than deal with notices that don't seem to stop. It's preferable to long waits for a live person when you call the IRS or state agencies.
8. You may need a tax return for **non-tax purposes** - immigration, loan or other issues.
9. Expired but may be back: You may qualify for Making Work pay Credit if you had earned income from work. The maximum credit is \$800 for a married couple filing a joint return and \$400 for other taxpayers (for 2009 and 2010 only).
10. Expired: You may qualify for First-Time Homebuyer Credit. The credit is a maximum of \$8,000, \$4,000 if married filing separately (for purchases between April 9 2008 and July 2, 2009 but was extended to November 30, 2009).