

BVCC General Meeting

March 11, 2024

"Tax Software Review"



Tax Software Review

- This is a shortened version of material that was given in an APCUG "Saturday Safari" presentation by Tom Burt, Vice-President, Sun City Summerlin Computer Club
- Some of the slides are from that presentation
- The full presentation can be viewed at https://www.youtube.com/watch?v=7_MhYS_IT5k



An International
Association of Technology
& Computer User Groups

SATURDAY SAFARI

Tax Software Review

Tax Year 2023

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February 10, 2024

"Best" Tax Software of 2024*

- **Best free tax software for simple returns: H&R Block – Federal: \$35-\$85, State: \$0 to \$37**
- **Best overall paid tax software: Turbo Tax – Federal: \$59-\$119, State \$0-\$59**
- **Best affordable tax software: TaxSlayer – Federal: \$33-\$63, State: \$0-\$40**
- **Competitive tax software to consider: TaxAct – Federal: \$50-\$100, State: \$40-\$60**

*<https://www.nerdwallet.com/p/best/taxes/tax-software>

Free Electronic Filing Options

- **Free options tend to be limited**
 - Simple returns
 - Limits on income levels
 - May be limited to online preparation
- **IRS has a free Direct File pilot program – currently limited to 12 States (not AR); doesn't handle State filing**

Online Preparation vs Downloaded Program

- **Online preparation means all your relevant data must be retained by the online site long-term – more potential privacy concerns**
- **Preparation on you own computer means you have complete control over your tax data**
 - **Your returns are transmitted in encrypted form from your PC tax software to the Federal & State governments**

Seminar Introduction (1)

- This is a seminar about Tax Software Programs.
- This is *NOT* a seminar about income taxes.
 - Please don't rely on me for tax advice.
 - Please don't rely on me to correctly interpret the tax laws for your tax situation.
- We'll look at Turbo Tax and H&R Block Features
- Then we'll dig into H&R Block Deluxe in more depth *
- Our approach will be to use a model senior couple and fill in their tax forms with H&R Block Deluxe. *

* In the interest of brevity, we won't go into those details. See the YouTube video if you want that.

Seminar Introduction (2)

- **Benefits of Tax Software Programs:**
 - **Easy step-by-step interview.**
 - **Also support direct “Forms” entry.**
 - **Imports prior year’s tax return data.**
 - **Can automatically get much financial data.**
 - **Can import from Quicken.**
 - **Instantly recalculates when you make a change.**
 - **Programs know and follow the latest tax rules.**
 - **Powerful error checking and audit review.**
 - **Facilitates electronic filing via an encrypted connection between your PC and the IRS.**
 - **Also does State income taxes (if needed).**
 - **Your tax filing is completely private.**

Comments on Benefits of Tax Programs

- **Importing from prior year's tax return data very useful**
 - **An incentive for continuing with the same tax software – although some ability to import tax files from competing software**
 - **Helps remind you of items that don't change that much from year to year**
 - **Automatically handles carryover items like capital losses**

Comments on Benefits of Tax Programs

- **You still need collect all the relevant tax-related documents**
 - **1099-INT, 1099-DIV, 1099-C, 1099-B, W-2, SSA-1099, 1099-R, Estimated-Tax payments for the tax year, items for potential itemized deductions, other income items**
 - **Tax program may be able to download information in digital form from some, but not all, of the financial institutions involved. If not, it will prompt you for specific numbered fields on the physical documents, so you don't need complete understanding of all of the fields**

Comments on Benefits of Tax Programs

- **Import from Quicken limitations**
 - **May require a fairly current version of Quicken – I tend to be too back-level to trust an import**
 - **Requires that you have correct categories on Quicken transactions**
 - **I prefer to generate Quicken "Tax Reports" and use those to double check against information on 1099's etc and reconcile any differences. Should double check charitable contributions for reasonableness and correct categorization (I usually find several errors) before trying to import**

Turbo Tax Versions

- <https://turbotax.intuit.com>
- Turbo Tax Free (1040 A / 1040 EZ) - *online*
- Turbo Tax Basic (Simple returns)
- Turbo Tax Deluxe (For homeowners)
- Turbo Tax Premier (stocks, rentals...) *
- Turbo Tax Home & Business (Business, ...)
- Most versions now available on the web in “free trial” mode.
- All versions available online or as downloads

*Premier version is actually described as "investments". Deluxe version seems to handle info from 1099-B on stock sales, but maybe can't handle some more complex situations.

Turbo Tax Key Features

- **Step by step interview**
 - **Personal Information**
 - **Income**
 - **Expenses (deductions)**
 - **Credits & other considerations.**
- **Forms mode (direct entry)**
- **Tax summary window**
- **Program and Tax Help**
- **Deduction Finder (Deluxe & above)**
- **Print return (for records, for filing)**
- **Electronic filing**
- **State tax return (Efile is extra cost)**

H&R Block Versions

- <https://www.HRBlock.com>
- H&R Block Free (Simple returns) *Online*
- H&R Block Basic (Basic returns)
- H&R Block Deluxe (Stocks, rentals, business ...)
- H&R Block Premium (More help on business)
- H&R Block Premium & Business (Corporate returns)
- Versions available online or as downloads (DVD \$10 extra)
- Also offering “Online Assist” Service.

H&R Block Basic Features

- **Step by step interview**
 - **Personal Information**
 - **Income**
 - **Expenses (deductions)**
 - **Credits & other considerations.**
- **Forms mode (direct entry)**
- **Tax summary report window**
- **Program and Tax Help**
- **Print return (for records, for filing)**
- **Electronic filing**
- **State tax return (may have extra cost)**

H&R Block Step by Step for the Smiths

- Import prior year's return
- **Personal *Interview***
- **Income Entry *Interview***
- **Expense Entry *Interview*** (good to do even if using std. deduction)
- **Estimated Tax Payments Made (1040 ES)**
- **Revisit Income and Expense Topics Lists**
 - *To ensure nothing missed – esp. medical expense items.*
- **Final Review – correct any issues**
- **Audit checks**
- **Print Return for records (paper & PDF)**
- **E-File**
- **E-Pay (IRS EFTPS.gov website)**

IRS Free-File Program

- For taxpayers whose AGI is \$79,000 or below
 - Find at: www.irs.gov/freefile
 - Fill in some questions and then get directed to a tax software vendor's free tax filing product.
- Alternative for those whose AGI > \$79,000:
 - Free fillable online tax forms that you can fill in, print and submit. (Does basic math).
- Also consider free **AARP Tax Assistance**.
Check the LINK Magazine for details.
(Available in 2024 at Sun City Summerlin, but slots filling fast.)

Receiving Refunds

- **Can supply bank information for direct deposit (fastest)**
or
- **Request a check**

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IRS Electronic Payments

- EFTPS: www.eftps.gov
- Pay tax bills on-line
 - Get a password - call: 1-800-982-3526
 - Or you can enroll online.
 - Once account set up, you can pay all taxes owed online.
 - Links to your checking account.
 - IRS will mail you a PIN.
- Each EFTPS payment gets an e-mail receipt.
- May have to call and reactivate if not used for 6 months or more.

As of October 19, 2023 you are now required to set up a login with ID.me or Login.gov with MFA, and then set up EFTPS account. You login first to get authenticated, and then supply your EFTPS password & PIN.

Electronic Payments

- **EFTPS can also be used to set up electronic payment of quarterly Estimated Tax payments for the next tax year if you are in a category that requires it because of too much income not subject to tax withholding.**
 - **Tax preparation software will help in calculating estimated tax if you can estimate income for next taxable year.**
 - **EFTPS allows you to set up all four quarterly payments by date and amount for auto-payment from your bank account**

Tax Reference Links

- **Tax Law Changes for 2023**
 - <https://www.hrblock.com/tax-center/filing/tax-law-changes/>
- **Federal Budget Analysis – 2023**
 - <https://www.cbpp.org/research/policy-basics-where-do-our-federal-tax-dollars-go>
- **IRS Tax Statistics – Through 2022**
 - <https://www.irs.gov/statistics/soi-tax-stats-irs-data-book>
- **Taxpayer Profiles**
 - <https://taxfoundation.org/data/all/federal/summary-latest-federal-income-tax-data-2023-update/>
- **Sunset of the Tax Cuts and Jobs Act on 12/31/2025**
 - <https://www.thetaxadviser.com/issues/2023/dec/tax-planning-for-the-tcjas-sunset.html>

2023 Tax Brackets

- **2023 Tax Brackets for Single Filers, Married Couples Filing Jointly, and Heads of Households - *Source: Internal Revenue Service***
 - <https://taxfoundation.org/data/all/federal/2023-tax-brackets/>
 - For 2023, there were few material changes in rates / deductions:
 - <https://finance.yahoo.com/news/what-to-expect-for-the-2024-tax-filing-season-195134625.html>
 - Some tax breaks from COVID pandemic have expired.
 - Tax brackets, standard deduction and various credits adjusted for inflation:
 - Note the marriage penalty beginning at 35%

Rate	For Single Filers	Married Filing Jointly	Head of Household
10%	\$0 to \$11,000	\$0 to \$22,000	\$0 to \$15,700
12%	\$11,001 to \$44,725	\$22,001 to \$89,450	\$15,701 to \$59,850
22%	\$44,726 to \$95,375	\$89,451 to \$190,750	\$59,851 to \$95,350
24%	\$95,376 to \$182,100	\$190,751 to \$364,200	\$95,351 to \$182,100
32%	\$182,101 to \$231,250	\$364,201 to \$462,500	\$182,101 to \$231,250
35%	\$231,251 to \$578,125	\$462,501 to \$693,750	\$231,251 to \$578,100
37%	\$578,126 or more	\$693,751 or more	\$578,101 or more
SD	\$13,850	\$27,700	\$20,800
65+	\$1,850	\$1,500	\$1,850
Blind	\$1,850	\$1,500	\$1,850

2024 Tax Brackets

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- For 2024, so far there are few material changes in rates / deductions:
 - Tax brackets, standard deduction and various credits adjusted for inflation:
 - Note the marriage penalty beginning at 35%

Rate	For Single Filers	Married Filing Jointly	Head of Household
10%	\$0 to \$11,600	\$0 to \$23,200	\$0 to \$16,550
12%	\$11,601 to \$47,150	\$23,201 to \$94,300	\$16,551 to \$63,100
22%	\$47,151 to \$100,525	\$94,301 to \$201,050	\$63,101 to \$100,500
24%	\$100,526 to \$191,950	\$201,051 to \$383,900	\$100,501 to \$191,950
32%	\$191,951 to \$243,725	\$383,901 to \$487,450	\$191,951 to \$243,700
35%	\$243,726 to \$609,350	\$487,451 to \$731,200	\$243,701 to \$609,350
37%	\$609,351 or more	\$731,201 or more	\$609,351 or more
SD	\$14,600	\$29,200	\$21,900
65+	\$1,950	\$1,550	\$1,950
Blind	\$1,950	\$1,550	\$1,950