

# ***BVCC General Meeting***

February 10, 2025

## **Overview Of Tax Preparation Software**

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**These slides will be published on the BVCC website  
( Information ► Presentations)**

# Goal

- **To Offer some guidance on how to make sense of all the options available for electronic filing of State and Federal taxes.**

# Options for Filing Federal & State Taxes

- **Mail in manually-completed paper returns**
- **Find someone else to file your taxes**
- **Use software to file your returns electronically yourself**

# Options for Filing Federal & State Taxes

- **Does anyone still file by mailing manually-completed paper returns these days?**
  - **More possibilities for calculation errors**
  - **Requires more knowledge to file correctly**
  - **Takes Federal & State longer to process – refunds delayed**
  - **Can file at the last minute if you owe a lot and not be penalized by higher costs as long as you make the deadline**
  - **Assuming you can download from the IRS and print the required forms, postage is the only cost**

# Options for Filing Federal & State Taxes

- **Find someone else to file your taxes**
  - **May be the most expensive option**
    - **There are some free services, but may have restrictions or be limited in availability**
  - **You must still gather all the required information. It may take almost as much time to organize and explain records to a third party as to do the taxes yourself.**
  - **Requires more planning ahead – have to work around someone else's schedule. Waiting until the last minute not an option.**
  - **Can make sense if you have to deal with an unfamiliar tax issue and and don't have time to do your own research.**

# Options for Filing Federal & State Taxes

- **Use software to file your returns electronically yourself**
  - Organize needed tax records – easier if you keep digital records
  - You are only constrained by your own schedule; but software and filing at last minute may cost more.
  - Software programs can guide you through the process to insure you enter the needed information, follow tax laws, do complex calculations correctly, and that all required forms are submitted.
  - There are many tax software providers and multiple different services from each. Some options are free, but more complex returns (stock sales, capital gains/loses, rent income, royalties, etc.) may require non-free options
  - Filing a State return electronically generally requires filing the Federal return at the same time.

# How To File Electronically On Your Own

- **How to choose what service to use?**
  - **If you used a service last year, using the same service is frequently the easiest choice: better support to import data from last years return, familiarity, price discounts.**
  - **Motivations to try a different service**
    - **Cheaper alternatives**
    - **Problems with previous software**
    - **Changes in tax circumstances not supported by previous service**
  - **When considering new software, look for reviews, online recommendations**



# Forbes Recommendations

(<https://www.forbes.com/advisor/taxes/tax-software/> )

- **Best Customer Support: "TaxSlayer Premium",**
  - **Federal \$42.95, State \$39.95, [www.taxslayer.com](http://www.taxslayer.com)**
  - **Tax Slayer Premium is best for someone who may need assistance when filing their tax return online. It's a strong choice for users who value excellent customer service and want to pay a low price for a product with great support. TaxSlayer provides assistance to users via a priority phone line, chat and email.**
  - **"TaxSlayer Self-Employed" also "best" for self-employed**

# Forbes Recommendations

- **Best Free: Cash App Taxes**
  - **Federal \$0, State \$0, <https://cash.app/taxes>**
  - **Cash App Taxes works best for simple tax returns (with a W-2 and a couple of common deductions, like student loan interest). It's a strong choice if you're seeking tax software that is completely free and won't hit you with surprise fees. It's also quick and easy to use.**
  - **Limited support services: don't recommend it for people with more complicated taxes.**
  - **Requires you download Cash App peer-to-peer payment**

# Forbes Recommendations

- **Best Value: Jackson Hewitt Online**
  - **Federal \$25, State \$0,**  
<https://www.jacksonhewitt.com/file-taxes-options-products/file-taxes-online/>
  - **We expect Jackson Hewitt Online to work best for tax returns with many deductions, such as itemized deductions or education expenses. This tax software may also work well for you if you need to file multiple state tax returns inexpensively.**
  - **Tax advice requires higher-priced service.**

# Forbes Recommendations

- **Best If Need In-Person Help: H&R Block**
  - Federal \$0 (online only), State \$0, <https://www.hrblock.com>
  - Good choice for individuals with straightforward tax filings, such as a basic W-2 and a few deductions
  - If you don't qualify for the free version, H&R Block can be pricier than its competitors. The online tax provider charges \$35 to file a federal tax return, increasing to \$37 per state. You can expect to pay more if you opt for other features like online assistance.

# Forbes Recommendations

- **Best Ease Of Use: Turbo Tax Deluxe**
  - Federal \$69, State \$64?, <https://turbotax.intuit.com>
  - For people with more than a basic W-2 (for example, those who itemize deductions and have investment income). It may be right for you if you feel comfortable filing your own taxes—but also think you may need a little assistance here and there.
  - Downside: tries to sell add-on products such as help and support packages to assist with audits or amended tax returns. Most filers don't need to pay for these extras to complete their taxes successfully.

# IRS Free File Program

- **Allows you to file for free if you have an Adjusted Gross Income less than \$79,000 – supports more tax forms for free than some advertised free filing solutions**
- **For providers of IRS Free File, see <https://www.irs.gov/filing/irs-free-file-do-your-taxes-for-free>**

# Other Choices Not Mentioned by Forbes

- **Liberty Tax - online filing or by in-person appointment**
- **TaxAct - online & download versions**
- **No doubt many others**

# Look For Special Price Deals

- **There may be better prices if you act early or if you subscribe to an annual service.**
- **If you wait until the last minute to file, prices may increase**
- **Repeat customers may get discounts, especially if you subscribe in advance.**



# Online vs Downloaded Program

- **Most of the major players have the option of either an online tax preparation website or a downloadable tax program that you install on your computer.**
  - **Online (web-based) tax preparation apps have to retain tax information on their servers (hopefully encrypted and backed up). You can (and should) retain your own copy of any filed returns in PDF or printed form.**
  - **Downloaded tax preparation programs only need to keep your tax information and filed forms on your personal computer – you have total control**
    - **Turbotax explicitly states that with their desktop software, they do not receive or keep copies of any e-filed returns – your computer and the government have the only copies.**
    - **Be sure you allow auto-updates to install to the tax program**
    - **It is your responsibility to retain copies of your filed returns (digital, paper copies, or both) for 7 years. A retained digital version simplifies next year's filing.**

# What Do I Use?

- **I'm currently a user of non-free TurboTax Deluxe Desktop – had to upgrade over time because of more complex tax situations**
- **In the past have also used TurboTax Online, Tax Act desktop**
- **Have used HR Block desktop to examine my sisters historical tax data, and CPA services to file final Federal & OK income tax and estate returns for my sister – knew I didn't have enough experience in Estate or OK Income Tax to trust myself to do these correctly.**

# TurboTax

- **Turbotax: web-based and desktop versions**  
**<https://turbotax.intuit.com>**
  - **Free Federal, State filing, but only for simple cases.**
    - **W-2 income; Interest, dividends or original issue discounts that don't require filing a Schedule B; IRS standard deduction; Earned Income Tax Credit (EITC); Child Tax Credit (CTC); Student loan interest deduction; Taxable qualified retirement plan distributions**
  - **Various levels of cost if need any of the following apply**
    - **Maximized deductions, unemployment income, home ownership, charitable deductions, sold stock or crypto, have rental property, a freelancer, self-employed**
  - **Non free costs vary (\$39 - \$90, +State filing fees, more if expert-assisted)**

# H&R Block

- **<https://www.hrblock.com>**
  - Free online filing for simple returns
    - \$35 - \$85 (+ \$37 per State filing)
  - Downloadable versions **<https://www.hrblock.com/tax-software/>**
    - \$40 - \$99

# TaxSlayer

- **<https://www.taxslayer.com>**
  - **Free "simple" return:**
    - **Your filing status is single or married filing jointly; You don't have dependents; You (and your spouse) have a valid SSN or ITIN; You're under age 65 (and so is your spouse); You (and your spouse) are not blind; You claim the standard deduction rather than itemizing deductions; You have \$100,000 or less in taxable income from wages, salaries, tips, taxable interest of \$1,500 or less, and/or unemployment compensation**
  - **Non-free – \$22.95 - \$52.95 (+ State additional)**
  - **Both online & desktop version**

# TaxAct

- <https://www.taxact.com>
  - Free version, if qualify
  - Non-free – \$30 - \$70 (+\$40 per State filed)
  - online and downloadable apps

# Cash App Taxes

- **Completely Free (?) for one Federal and one State return**
- **Have to download Cash App mobile peer-to-peer payment app first before starting a return (sets up an account).**
- **Must manually input most info – easiest if you have few required forms and simple tax situations**
- **No professional tax support – you need to be confident in your tax skills**

# FreeTaxUSA

- <https://www.freetaxusa.com>
  - Federal \$0, State \$14.99

BDVS

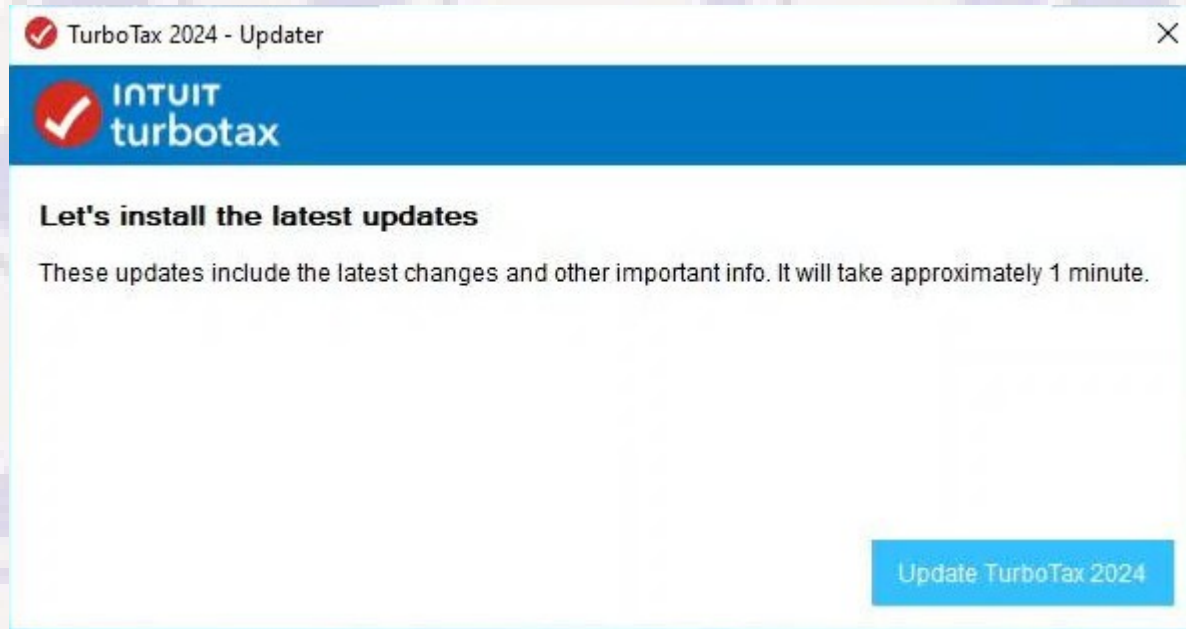


# Tax Filing Software General Observations

- **Don't expect "complex" returns to be free, but definition of "complex" differs by vendor, and may even differ from year to year from the same vendor.**
- **Even non-free software allows for "trial" use**
- **All of the commonly-recommended vendors have both web-based and downloadable versions**

# TurboTax Deluxe Desktop

- **Startup of TurboTax always checks for updates. You always need any updates. May take a minute or two. Sometimes have to manually restart TT after updates.**

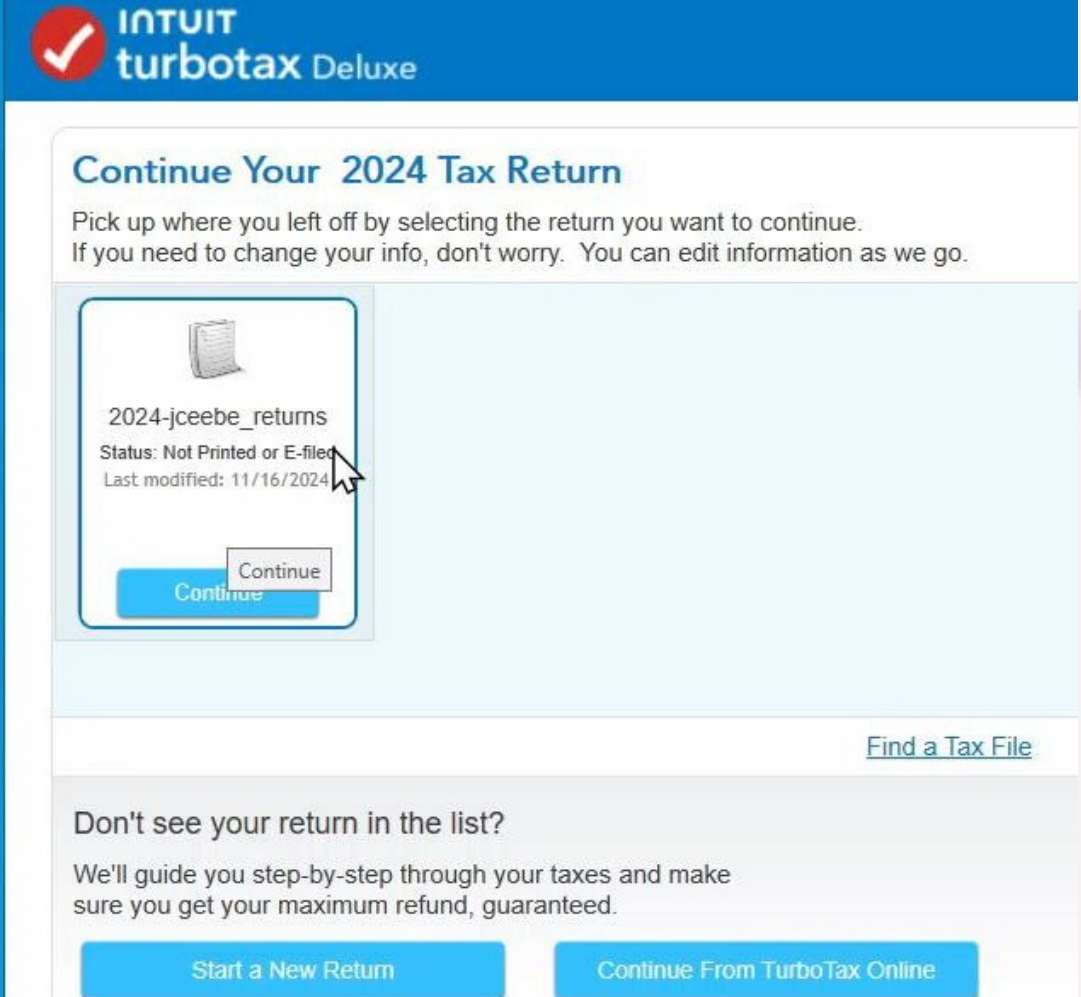


# TurboTax Deluxe Desktop

- **The first time you start TurboTax 2024 it will look for returns from the previous year (filetype ".tax2023). If found, it will use that to initialize values for 2024 from 2023, assuming personal info won't change and that your 2024 income & expenses will be similar to 2023.**
- **If you have no previous year to use as basis, you can start a new return.**
- **After initializing a 2024 tax return, do a "Save As" if you want to control the name of your 2024 tax data (2024-jceebe\_returns.tax2024)**

# TurboTax Deluxe Desktop


- The next time you start TurboTax, it will find any saved .tax2024 files and allow you to choose which to continue:



**INTUIT**  
turbotax Deluxe

## Continue Your 2024 Tax Return

Pick up where you left off by selecting the return you want to continue.  
If you need to change your info, don't worry. You can edit information as we go.

  
2024-jceebe\_returns  
Status: Not Printed or E-filed  
Last modified: 11/16/2024

Continue

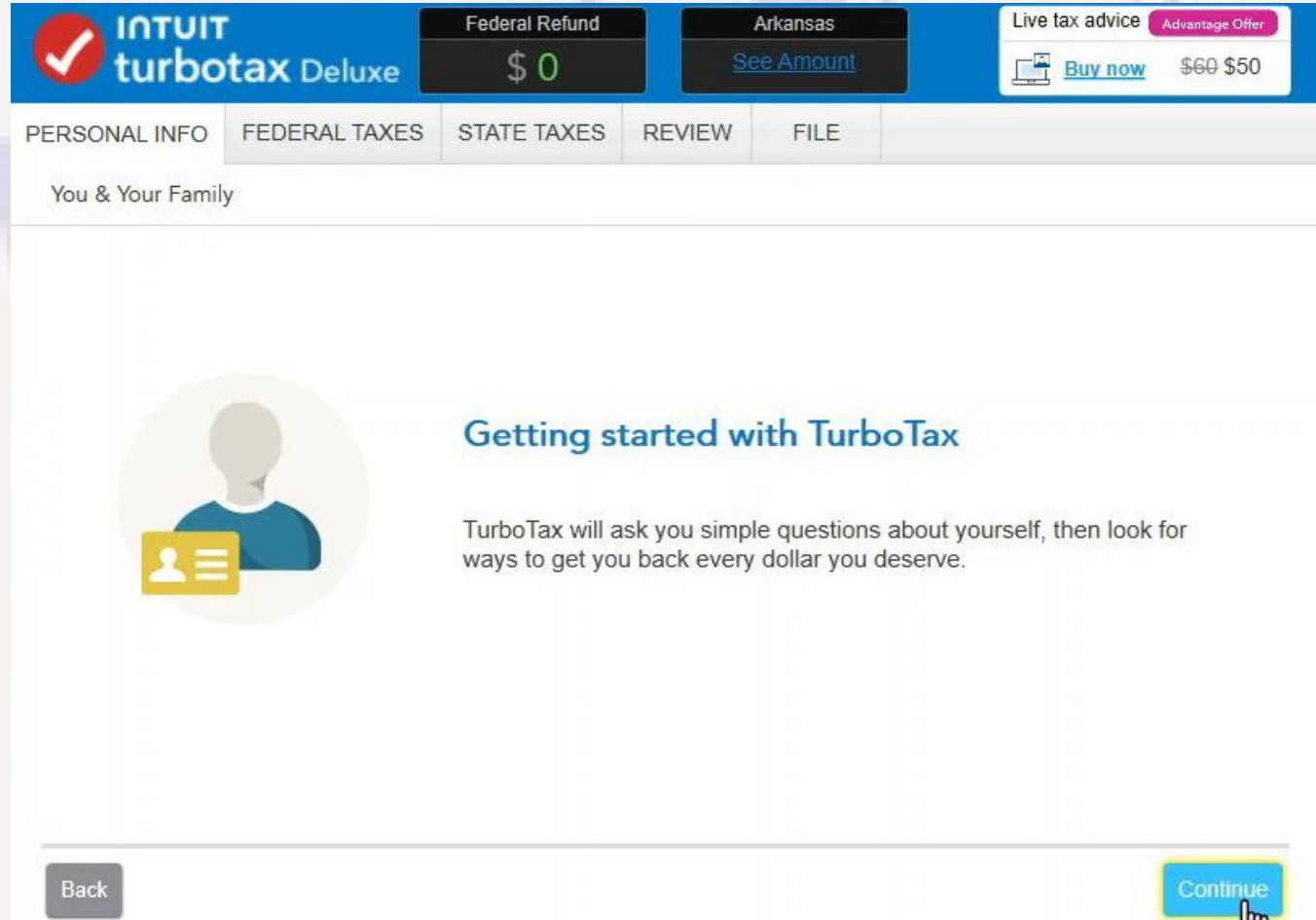
[Find a Tax File](#)

Don't see your return in the list?  
We'll guide you step-by-step through your taxes and make sure you get your maximum refund, guaranteed.

Start a New Return      Continue From TurboTax Online

# TurboTax Deluxe Desktop

- You will be guided through entering "Personal Info", "Federal Tax info", "State Tax" info. You can be guided, or can select specific sub categories.
- When you start the State Taxes, you have the choice of downloading support for one State (additional States are available for a price)



The screenshot displays the TurboTax Deluxe Desktop interface. At the top, the Intuit TurboTax Deluxe logo is visible on the left. To its right, there are two dark boxes: one for 'Federal Refund' showing '\$ 0' and another for 'Arkansas' with a 'See Amount' link. Further right, a 'Live tax advice Advantage Offer' banner includes a 'Buy now' button and the price '\$60 \$50'. Below the header is a navigation bar with tabs for 'PERSONAL INFO', 'FEDERAL TAXES', 'STATE TAXES', 'REVIEW', and 'FILE'. The 'PERSONAL INFO' tab is selected, and the sub-tab 'You & Your Family' is active. The main content area features a circular icon of a person with a yellow menu icon, followed by the heading 'Getting started with TurboTax'. Below this, a paragraph states: 'TurboTax will ask you simple questions about yourself, then look for ways to get you back every dollar you deserve.' At the bottom, there are 'Back' and 'Continue' buttons.

# TurboTax Deluxe Desktop

- **Personal info for you (and spouse if Joint returns) will be populated with info from prior years return. Mostly just a matter of verifying there are no changes in 2024.**

PERSONAL INFO

FEDERAL TAXES

STATE TAXES

REVIEW

FILE

You & Your Family

## Let Us Know if Joel's Info is the Same

First Name

Joel

Middle Initial

C

Last Name

Ewing

Jr., Sr., etc.

Birth Date

■■■■■

(mm/dd/yyyy)

Social Security Number

■■■■■

Occupation

retired

State of Residence

Arkansas

Joel lived in another state in 2024

Yes

No

Served in the U.S. Armed Forces in 2024  
(Active, Reserve, or National Guard)

Yes

No

Back

Continue

# TurboTax Deluxe Desktop

- After completing a major section, TT will display a summary of information entered and provide an opportunity to edit and correct the individual sub sections before continuing.

PERSONAL INFO FEDERAL TAXES STATE TAXES REVIEW FILE

You & Your Family

## Your Personal Info Summary

This is what we've gathered so far. Next, we'll ask you about your income.

---

**Joel C Ewing** [Edit](#)

██████████  
██████████  
retired  
**Marital Status:** Married  
**State of Residence:** Arkansas

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**Elizabeth B Ewing** [Edit](#)

██████████  
██████████  
housewife  
**State of Residence:** Arkansas

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**Dependents:** [Edit](#)

No dependents

# TurboTax Deluxe Desktop

- **Wages & Income tab of Federal Info. Shows entries you had from last year. If you know they don't apply this year, indicate "No" to delete.**
- **TT will then guide you through all the various categories , or you can pick specific categories**

The screenshot displays the TurboTax software interface. At the top, there are navigation tabs: PERSONAL INFO, FEDERAL TAXES, STATE TAXES, REVIEW, and FILE. Under the FEDERAL TAXES tab, there are sub-tabs: Wages & Income (selected), Deductions & Credits, Other Tax Situations, Federal Review, and Smart Check.

### Income Reported on Your 2023 Return

Here's the income you reported in **last year's return** (excluding Social Security, which doesn't automatically transfer).

**Did these still apply in 2024?**

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#### Interest & Dividends

Interest from [REDACTED] (1099-INT)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Interest from [REDACTED] (1099-INT)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Interest from [REDACTED] (1099-INT)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Interest from [REDACTED] (1099-INT)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Interest from [REDACTED] (1099-INT)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Interest from [REDACTED] (1099-INT)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Dividends from [REDACTED] (1099-DIV)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Dividends from [REDACTED] (1099-DIV)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Dividends from [REDACTED] (1099-DIV)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Dividends from [REDACTED] (1099-DIV)	<input checked="" type="radio"/> Yes <input type="radio"/> No

#### Distributions from Pensions, IRAs, etc

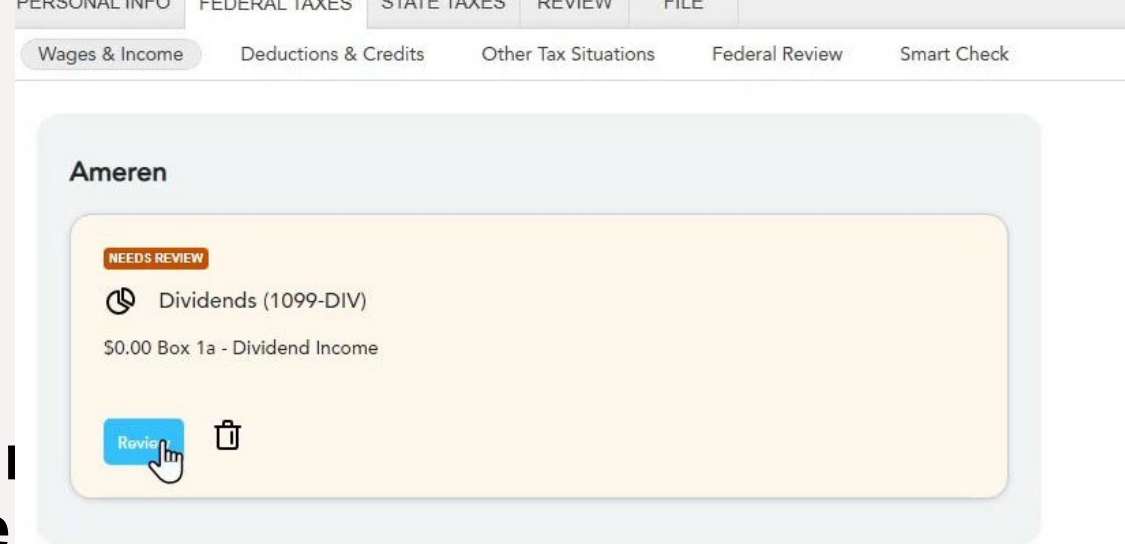
Retirement income from [REDACTED] (1099-R)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Retirement income from [REDACTED] (1099-R)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Retirement income from [REDACTED] (1099-R)	<input checked="" type="radio"/> Yes <input type="radio"/> No

At the bottom left, there is a status bar with a triangle icon and the text "No Form". At the bottom right, there is a link that says "Upgrade TurboTax".



# TurboTax Deluxe

- When I starting trying to enter updated info for 1099-DIV & 1099-INT, I found entries like the one on the right from 2023 with \$0, which I expected to be able to edit with 2024 data from 1099's. The icon choices were "Review" or a Shredder icon.
- You would think Review implies Edit. No, it only allows you to import 2024 data from selected institutions: for my unsupported institutions only choice was Skip Import.



# TurboTax Deluxe

- After many painful minutes of experimentation, concluded edit of the last year entry not supported.
- The only method seemed to be to "Add" a new investment and then shred the carryover \$0 entry from last year after using it as a reminder an entry was needed.
- It was possible to edit some carryover entries from 2023, but none of those associated with 1099-DIV or 1099-INT.
- An annoying change. If there's some way to make this importing work, it wasn't explained well. Frankly sounds like potential security issue if it could be done without TT having my login credentials for those corporate sites, and that's not really info I want to supply to TT.



# TurboTax Deluxe

- As you complete each section of Income, you will be shown the totals so far, so you can compare with values from the previous year

PERSONAL INFO FEDERAL TAXES STATE TAXES REVIEW FILE

Wages & Income Deductions & Credits Other Tax Situations Federal Review Smart Check

Income from Form 1099-K [Learn More](#) \$0. \$0. Update

**Interest and Dividends**  
Forms 1099-INT, 1099-DIV, 1099-OID Visit All

Interest on 1099-INT [Learn More](#) Update

Dividends on 1099-DIV [Learn More](#) Update

1099-OID, Foreign Accounts [Learn More](#) Start

Interest from Seller-Financed Loans [Learn More](#) Start

**Investment Income**  
1099-B or broker statements Visit All

Stocks, Cryptocurrency, Mutual Funds, Bonds, Other [Learn More](#) \$0. Update

Capital Loss Carryover [Learn More](#) Start

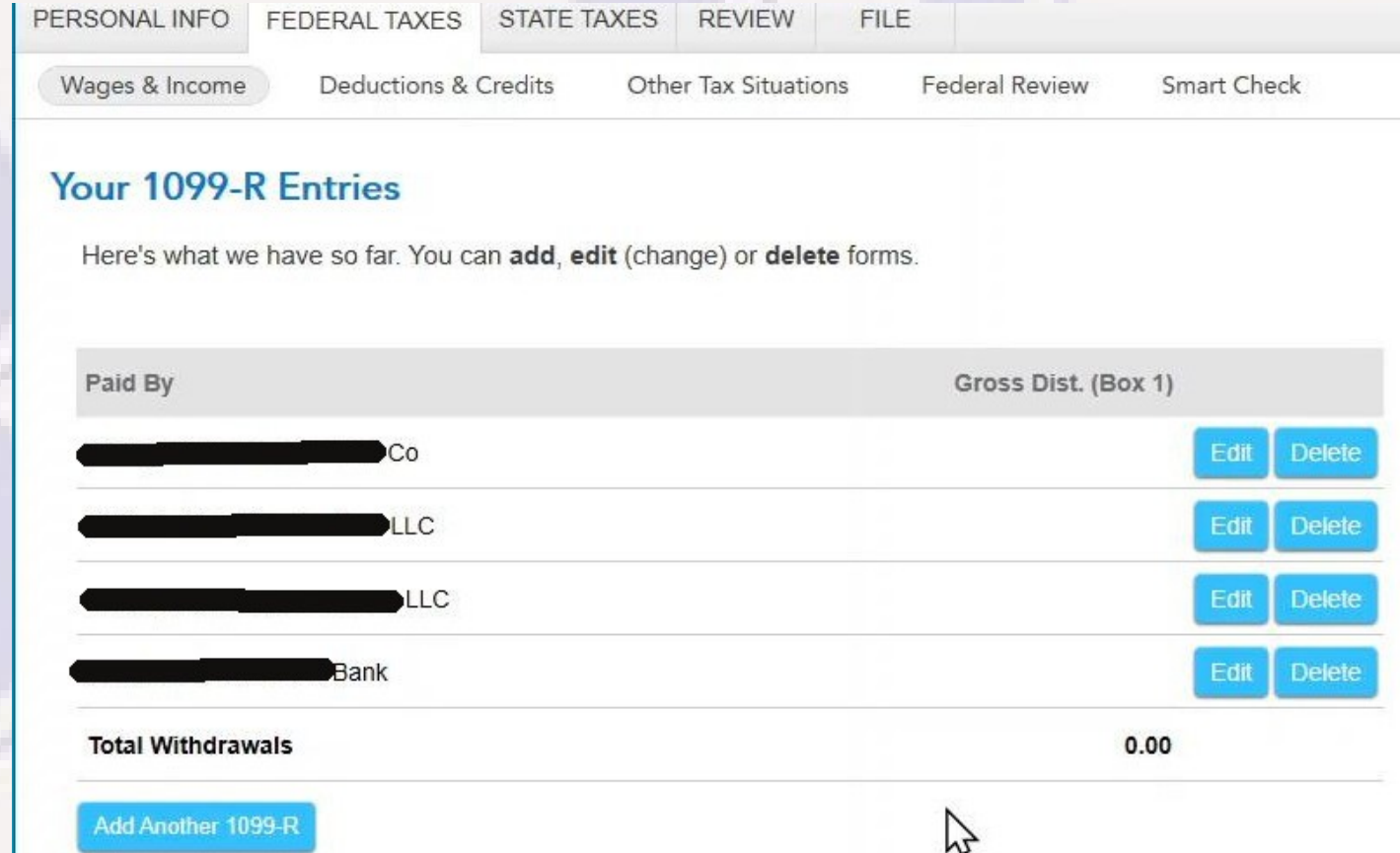
Undistributed Capital Gains [Learn More](#) Start

Contracts and Straddles [Learn More](#) Start

We've covered 5 of 9 Income sections. Select **Next Income Section** to continue.

# TurboTax Deluxe

- For retirement income (1099-R), TT still supports direct Edit of 2023 carry-over entries. Should have kept this for INT & DIV also!



The screenshot displays the TurboTax Deluxe interface for managing 1099-R entries. The navigation bar includes tabs for PERSONAL INFO, FEDERAL TAXES, STATE TAXES, REVIEW, and FILE. Under FEDERAL TAXES, there are sub-tabs for Wages & Income, Deductions & Credits, Other Tax Situations, Federal Review, and Smart Check. The main content area is titled "Your 1099-R Entries" and includes a brief instruction: "Here's what we have so far. You can **add**, **edit** (change) or **delete** forms."

Paid By	Gross Dist. (Box 1)		
██████████ Co		Edit	Delete
██████████ LLC		Edit	Delete
██████████ LLC		Edit	Delete
██████████ Bank		Edit	Delete
<b>Total Withdrawals</b>	<b>0.00</b>		

At the bottom of the interface, there is a blue button labeled "Add Another 1099-R".

# TurboTax Deluxe

- **The State Taxes section mostly uses the same data supplied for Federal return with some questions to deal with things peculiar to Arkansas taxes.**
- **After all entries have been made. you advance to the Review stage, which makes additional checks for reasonableness and possible omissions. At this stage I usually produce a PDF tax filing to double check for inconsistencies with my Quicken records.**
- **If everything checks out, the "File" stage asks for payment for the State filing, and, after final approval from you, submits the returns to Federal & State governments (equivalent to dropping returns in the Mail).**
- **Hopefully within 24 hours you receive notification that your returns have been accepted**

# Why Have I Stayed With TurboTax

- **I have found some areas of confusion with TT over the last several years, and there are other alternatives that might be cheaper, so why?**
  - **Some savings over advertised rates with a subscription service**
  - **I've had carryover capital losses since 2020. TT seems to understand how they should be handled from prior years return – if transition to different tax preparation software messed that up, not sure I understand it well enough to catch the error.**
  - **Have been too time constrained to try out another tax preparation tool to see if it would produce the same results**

Questions?

**BVS**