# On Your Mark, Get Set...Taxes!

March 1, 2009 By Rahwa Asmerom

Because filing your taxes can generate a lot of questions and stress, *POZ* got five terrific tax tips from Ishmael Alejo, lead tax researcher at Solutions for Progress—a company that helps low- to moderate-income people. Follow his advice, and the dreaded deadline may come and go, minus the drama. Even better: You may even find some extra dollars added to your refund check.

**1. Don't wait until the last minute.** Don't start your taxes on April 14—especially if you're not sure what you're doing. By planning ahead, you give yourself enough time to answer questions, find hidden deductions, obtain the correct forms and get a professional opinion or help, if you need it.

**2. Know which types of income are taxed.** If you were laid off and received unemployment, that income is taxed and you must file a return. But Supplemental Security Income (SSI) is not taxable, so you don't need to file. And Social Security Disability Income (SSDI) is not taxable if that's your only source of income.

"Individuals who receive other income with SSDI may have their benefits partially taxed depending on if the total income is more than $25,000 if filing alone and $32,000 if filing jointly," Alejo says. Make sure you obtain the SSA-1099 form from your local Social Security Administration office if this pertains to you

**3. Deduct your medical expenses.** Medical costs greater than 7.5 percent of your annual adjusted gross income are deductible—you must itemize these deductions and prove you paid for them. This includes money spent on prescription drugs, lab fees, alternative therapies (such as acupuncture), transportation to and from a health care facility and health insurance premiums. Contact your health insurance provider for details

**4. File no matter what.** Don't let confusion or panic stop you—there are serious consequences, especially if you owe money. "A taxpayer who fails to file a tax return is subject to a penalty of 5 percent of the tax due for each month or part of a month that the return is not filed," Alejo warns. Not to mention, the IRS adds on steep interest rates and can eventually garnish your wages if you don't file

**5. Remember, you have options.** If you cannot pay your federal, state and/or city taxes in full, contact the Internal Revenue Service (IRS) and speak with someone about creating a payment plan. Also, if you cannot meet the April 15 deadline, request an extension—it gives you until

October to file.

**DID YOU KNOW?**
Can’t afford a professional accountant? If your annual income is $40,000 or less, an IRS tax preparer can assist you with filing. Best of all: It’s free! And remember: Keep all your receipts for proof of purchases.

*Locate the nearest office in your area at irs.gov.*

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