

# THE TAX PICTURE

## Don't Get Taxed Out: Helpful Tips To Get On Track For A Stress-Free Season Ⓟ

(NAPSA)—Every year as April 15 approaches, consumers become overwhelmed with feelings of anxiety, frustration and stress, commonly known as “taxitis.” Preparing taxes is a daunting process. The IRS estimates that taxpayers will invest an exhausting 6.65 billion hours complying with the tax code this year, an increase of 4 percent compared with last year. In addition, millions of people miss out on huge tax savings because they don't know how to maximize their deductions. Although filing a tax return can rarely be avoided, it's easier than commonly thought to save time and keep more money in your pockets.

**More Deductions = A Fatter Wallet.** There are hundreds of types of tax deductions, and maximizing them is key to getting a bigger tax return. Jeff Schnepfer, tax expert and author of “How to Pay Zero Taxes,” offers clever and practical tips to help avoid taxitis altogether. Here are his tips for a greener tax season:

- Donating to charity is a win-win scenario. Consider donating clothing, furniture and other items to the Salvation Army or Goodwill. Deduct the fair market value of your donation and do a good deed.
- A flexible spending plan (FSP) allows you to deposit money into an account and use it to pay for medical expenses at any time, tax free. Deposit only what you know you'll use, though, because anything left over at the end of the year is forfeited.
- An individual retirement account (IRA) gives you the oppor-

tunity to take deductions and defer taxes until you actually withdraw money from the account. Invest in your retirement and get a bigger refund—sweet deal!

**Get Digitally Organized And Save Real Time.** The W-2s have arrived and tax season is back. Many people will spend hours looking for records of mortgage interest, IRA contributions, donations and any other deductions that can help keep the IRS away from their wallet. With jam-packed calendars, they simply have no time to get lost rummaging through mountains of receipts. The solution? Plan ahead and consider personal finance software such as Microsoft Money Essentials or Microsoft Money Deluxe. Both programs can keep track of income and expenses electronically and import them directly into a tax return.

**Surprise—Free Money!** The federal government mistakenly collected a telephone tax on long-distance calls between Feb. 28, 2003 and Aug. 1, 2006. This year, the IRS is giving the money back. You can claim your refund on your 2006 tax return or by using the special Form 1040 EZ-T. You can either claim the actual amount you paid or a standard amount. The standard amount is approximately \$30 for one exemption, \$40 for two, \$50 for three and \$60 for four or more.

For more information about Microsoft Money Essentials and Microsoft Money Deluxe, or for more tax insights from expert Jeff Schnepfer, please visit <http://money.msn.com>.