

THE TAX PICTURE

Making Filing Less Taxing

by Jean Chatzky

(NAPSA)—More and more taxpayers are trading pencil and paper for modem and mouse. According to the IRS, half will file electronically this year. It's more accurate, easier and faster than traditional methods. E-filing can even be free.

Go to IRS.gov, a Web site that, given that it comes from the Internal Revenue Service, is surprisingly user-friendly. You'll find a "Free File" link to more than a dozen online tax-filing services in the IRS's Free File Alliance. While not every service offers free electronic filing without restriction, some do: Turbo Tax and H&R Block, the category's biggest. Don't go to the sites directly. You're only guaranteed not to pay a fee if you go through the IRS Free File link.

First, consider the pros and cons:

Pros:

- It's free. You'll save the roughly \$20 it would cost to prepare and file your federal return whether you do it elsewhere on the Web or use a boxed tax software program.

- It's faster—and more accurate—than doing it by hand. Filing electronically reduces the error rate by over 90 percent. When you do your form by hand, you may forget to sign it, err on calculations or not put on enough postage. Plus, when the IRS keys your data into its computers, it may make mistakes. Filing electronically also slashes the wait for a refund—if you choose direct deposit—to around two weeks. If you do your taxes by hand, it takes four to six weeks.

Cons:

- You may get marketing pitches from the company you file with. You may also have to wade through advertising.



Tax time can be less taxing when you file a free e-return.

- Your state return may not be free. For example, TurboTax asks if you want to do your state form for \$29.95. You might decide it's worth paying not to have to retype all the information.

Millions of Americans tackle taxes through America Online's Personal Finance Channel—a top Internet tax resource for filing assistance. At AOL KW: Taxes, members can access tax forms, tax law information, tax tips and tax topics such as common tax credits, audits and penalties and itemizing deductions. Not sure if you're eligible to e-file? An e-file checklist lets you know. AOL also offers members an easy, everyday way to receive, pay and manage bills online: AOL® Bill Pay.

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