



HARRISON LAZARUS ADVISORS  
*GIVING LIFE TO YOUR FINANCES™*

# Chapter 2 – Taxes

HARRISON LAZARUS ADVISORS, INC.  
64 PLEASANT STREET  
SAN FRANCISCO, CA 94108

INFO@HARRISONLAZARUS.COM  
PHONE: (415) 830-5244  
FAX: (415) 962-4211

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WWW.HARRISONLAZARUS.COM

As a Certified Public Accountant (CPA) with a Masters in Taxation degree, I know from personal experience preparing and reviewing a wide range of tax returns for individuals, corporations, partnerships, and trusts that it is worth your time and/ money to have a tax expert prepare your tax return or at the very least review it for you. The federal, state and local tax laws are very complex, constantly changing, and in order for your tax returns to be complete, accurate and timely, you need professional advise.

Choosing the right tax professional might be your most difficult decision as there are generally four types of practitioners:

1. Preparers
2. Enrolled Agents (EA)
3. Certified Public Accountants (CPAs)
4. Tax Attorneys

The difference varies among these four types of tax preparers. There are pros and cons to each type of professional. In general tax attorneys charge the most, followed by CPAs, EAs and Preparers. If you need a referral, we can help, just contact us at <http://www.harrisonlazarus.com/how.php>.

For those that don't want a tax preparer (and just want a review), the rest of this chapter explains how you can prepare your tax return more easily.

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Most people don't know this but the IRS' offers free tax return filing services to **all** taxpayers. In fact, if you qualify, you will be able to print and file your federal tax return electronically. In addition, some of you may qualify for free state tax return filings as well.

To get started, you need a few things now and a couple things later. Here's what's needed now:

- 1 Your Adjusted Gross Income (AGI)
- 2 Your Age (and your spouse's age, if married)
- 3 A list of free file providers – see below.

The first one is easy; it's just the current year (e.g., 2008) minus your birth year, which equals your approximate age. The second one is a little harder; AGI is your income (wages, interest, dividends, pensions, social security benefits, etc.) minus certain adjustments (such as self-employment taxes, deductions for moving expenses, deductions for education expenses, etc.)). Many of you are familiar with these items since they are on page 1 of Form 1040.

The third one can be found on the last page of this chapter, you will find a listing of almost twenty free file providers.

As you glance down the list you will notice that two of the providers have age limitations, one will need those first two items - your age and AGI to determine if you qualify. Others

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have restrictions regarding your AGI. For all other providers, their service is simply, free.

My personal experience has been with two of the providers:

1. TurboTax (<http://turbotax.intuit.com/>), and
2. TaxAct (<http://www.taxact.com/>).

Both of which I recommend. On the last page of this chapter is a link to the IRS website; this is the starting point to determine which one of the participating providers fits your needs – just follow the instructions and you will be guided to a provider.

To continue, you will need these other two items:

1. A computer with internet access, and
2. Your tax records (like the w-2's, 1099's, 1099s and 1098's I mentioned in Chapter 1) plus your prior year tax returns.

Some of the benefits of electronic filing include:

1. It is easy to use. They interview you to gather the needed information and select the appropriate forms based on your responses.
2. No waiting for forms in the mail; no need to pick up any forms at the library or the post office.
3. Math errors and other errors are detected automatically - this is the most frequent cause of having returns rejected

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or receiving a penalty/interest notice. By preparing your tax return online, these errors can be eliminated.

4. The tax laws are so complicated and the online programs are so sophisticated that you are alerted to additional deductions and credits that can lower your tax liability. Perhaps lowering it so much that you will get a refund.
5. If you are entitled to a refund, you can get it in weeks instead of waiting months.
6. If you use the same online provider for successive years, pertinent information, such as your name, address, and social security number, will be carried over so that it won't need to be entered again.
7. It's free - no obligation whatsoever. If you try any of these providers and discover you don't like using them, you can stop at any time and do your return by hand or pay someone to do it for you.

Whether to pay your taxes or not to pay is not an option. What is an option is whether to prepare them yourself or have them prepared for you. Time and money are factors to consider when choosing your option. If you need assistance in deciding what would best fit your needs please contact us at:

<http://www.harrisonlazarus.com/contact.html>

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## 2008 Free File Alliance Companies (<http://www.irs.gov/app/freeFile/jsp/index.jsp>)

1. TAX\$IMPLE Ultimate Version: Free federal tax preparation and e-file if you are age 66 or less and you live in the following states: AL, AR, AZ, CA, CO, CT, DC, DE, HI, GA, IA, ID, IL, IN, KS, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NY, OH, OK, OR, PA, RI, SC, SD, TN, UT, VA, VT, WI, WV, or WY. Includes Form 982 (Mortgage Forgiveness Debt Relief).
2. H&R Block's TaxCut Free File: Free federal online tax preparation and e-file if your adjusted gross income is \$56,000 or less and you are age 50 or younger. Includes Form 982 (Mortgage Forgiveness Debt Relief).
3. FreeTaxUSA.com: Free federal tax preparation and e-file if your adjusted gross income is \$56,000 or less and you live in the following states: AL, AZ, CA, CO, CT, DE, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MO, MS, NC, NE, NJ, NM, NY, OH, OK, OR, PA, SC, UT, VA, or WV. Includes Form 982 (Mortgage Forgiveness Debt Relief).
4. TurboTax® Freedom Edition: Free federal tax preparation and e-file if your Adjusted Gross Income is \$30,000 or less or you are active military or you qualify for Earned Income Tax Credit. Includes Form 982 (Mortgage Forgiveness Debt Relief).
5. OnLine Taxes @ OLT.com: Free federal tax preparation and e-file if your adjusted gross income is \$56,000 or less and you are age 50 or younger. Includes Form 982 (Mortgage Forgiveness Debt Relief).
6. eSmartTax From Liberty Tax Service: Free Federal online tax preparation and e-File if your adjusted gross income is \$56,000 or less, and you are age 50 or younger. Includes Form 982 (Mortgage Forgiveness Debt Relief). En Español.
7. CitizenTax: Free federal online preparation if your adjusted gross income is \$56,000 or less and you live in the following states: AR, AZ, CA, CO, CT, FL, GA, IL, IN, MA, MD, MI, MO, NC, NJ, NY, OH, OK, PA, TX, VA and WI.
8. OnlineTaxPros.com: Free federal tax preparation if your Adjusted Gross Income is between \$5,000 and \$56,000, and you live in the following states: AL, AR, AZ, CA, CO, CT, DE, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NY, NV, OH, OK, OR, PA, RI, SC, UT, VA, VT, WI, WV. En Español.
9. TaxSlayer.com: Free Federal tax return preparation and e-file if your AGI is \$56,000 or less and you are age 25 or younger or 65 or older or you are active Military or if you qualify for the Earned Income Tax Credit or if your AGI is \$10,000 or less regardless of age. Includes Form 982 (Mortgage Forgiveness Debt Relief).
10. I-CAN!® Free File: Free federal tax preparation and e-file if your adjusted gross income is \$30,000 or less or you qualify for the Earned Income Tax Credit. En Español.
11. FREE TAX RETURN: Free federal tax preparation and e-file if your adjusted gross income is \$56,000 or less and you live in the following states: AK, AZ, CA, CO, DC, DE, HI, GA, IA, ID, IL, IN, KS, KY, LA, MA, MI, MN, MT, NC, ND, NE, NH, NM, NV, NY, OH, OR, PA, RI, SC, SD, TN, UT, VA, VT, WI, WV, or WY.
12. 1040NOW.NET: Free federal tax preparation and e-file if your AGI is between \$5,000 and \$56,000 and you live in the following states: AL, AR, AZ, CA, CO, CT, DC, DE, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NJ, NM, NY, OH, OK, OR, PA, RI, SC, UT, VA, VT, WI, or WV. Includes Form 982 (Mortgage Forgiveness Debt Relief).
13. 123Easytaxfiling: Free federal tax preparation and e-file if your adjusted gross income is \$56,000 or less and you live in the following states: AL, AR, AZ, CA, CO, CT, GA, IA, IL, IN, KS, KY, LA, MA, MD, MI, MN, MO, NC, NE, NJ, NY, OH, OK, OR, PA, SC, VA, WI, or WV.
14. Free TaxACT: Free federal online tax preparation and e-file if your adjusted gross income is \$56,000 or less and you are age 19 through 55 years old. Includes Form 982 (Mortgage Forgiveness Debt Relief).
15. CompleteTax: Free federal tax preparation and e-file if your Adjusted Gross Income is \$31,000 or less.
16. EfileTaxReturns.net: Free federal preparation and e-file if your adjusted gross income is between \$5,000 and \$56,000, and you live in the following states: AL, AR, AZ, CA, CO, CT, DE, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NY, OH, OK, OR, PA, RI, SC, SD, UT, VA, VT, WI or WV.
17. ezTaxReturn.com: Free Federal tax preparation and e-file if your Adjusted Gross Income is \$56,000 or less and you live in the following states AL, AR, AZ, CA, GA, IL, LA, MA, MI, MS, NC, NJ, NY, OH, PA, VA, or WI.
18. FileYourTaxes.com: Free federal tax preparation if your Adjusted Gross Income is \$56,000 or less and you are aged 17 to 60 and you live in the following states: AL, AR, AZ, CA, CO, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MO, MS, NC, NE, NJ, NM, NV, NY, OH, OK, OR, TX, UT, VA, WA, or WI. Includes Form 982 (Mortgage Forgiveness Debt Relief).
19. Free1040TaxReturn.com: Free federal tax preparation and e-file if your adjusted gross income is \$56,000 or less and you are age 85 or younger and you live in one of the following states: AR, AZ, CA, CT, CO, DE, GA, IA, IL, IN, KS, KY, LA, MA, MD, MI, MN, MO, MS, NC, NE, NJ, NY, OH, OK, PA, SC, UT, VA, WI, or WV.

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