DCSD

Debt Counsel for Seniors & the Disabled

Tips for Seniors in Preparing their Taxes

Courtesy of IRS.gov

Current research indicates that individuals are likely to make errors when preparing their tax returns. The following tax tips were developed to help you avoid some of the common errors dealing with the standard deduction for seniors, the taxable amount of Social Security benefits and the Credit for the Elderly and Disabled. In addition, you'll find links below to helpful publications as well as information on how to obtain free tax assistance.

Standard Deduction for Seniors – If you do not itemize your deductions, you can get a *higher* standard deduction amount if you and/or your spouse are 65 years old or older. You can get an even higher standard deduction amount if either you or your spouse is blind. (See Form 1040 and Form 1040A instructions.)

Taxable Amount of Social Security Benefits – When preparing your return be especially careful when you calculate the *taxable amount* of your Social Security. Use the Social Security benefits worksheet found in the instructions for IRS Form 1040 and Form 1040A, and then double-check it before you fill out your tax return. See Publication 915, Social Security and Equivalent Railroad Retirement Benefits.

Credit for the Elderly or Disabled – You must file using Form 1040 or Form 1040A to receive the Credit for the Elderly or Disabled. You cannot get the Credit for the Elderly or Disabled if you file using Form 1040EZ. Be sure to apply for the Credit if you qualify; please read below for details.

Who Can Take the Credit – The Credit is based on your age, filing status and income. You may be able to take the Credit if:

- You and/or your spouse are either 65 years or older or under age 65 years old and are permanently and totally disabled.

AND

- Your income on Form 1040 line 38 is less than $17,500, $20,000 (married filing jointly and only one spouse qualifies); $25,000 (married filing jointly and both qualify); or $12,500 (married filing separately and lived apart from your spouse for the entire year).

  In addition to this, the non-taxable part of your Social Security or other nontaxable pensions, annuities or disability income is less than $5,000 (single, head of household, or qualifying widow/er with dependent child); $5,000 (married filing jointly and only one spouse qualifies); $7,500 (married filing jointly and both qualify); or $3,750 (married filing separately and lived apart from your spouse the entire year).

Calculating the Credit – If you would like IRS to figure the amount of your Credit, then do the following:
If you use Form 1040:

- Attach Schedule R to your return and enter "**CFE**" on the dotted line next to line 49 of Form 1040.
- Check the box in Part I of Schedule R for your filing status and age.
- Fill in Part II and lines 11 and 13 of Part III if they apply to you.

If you use Form 1040A:

- Attach Schedule 3 to your return and print "**CFE**" next to line 30 of Form 1040A.

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- Check the box in Part I of Schedule 3 for your filing status and age.
- Fill in Part II and lines 11 and 13 of Part III if they apply to you.

Also see Publications 524 (Credit for the Elderly or Disabled); 554 (Tax Guide for Seniors); and 967 (The IRS Will Figure Your Tax.)

Free IRS Tax Return Preparation – IRS-sponsored volunteer tax assistance programs offer free tax help to seniors and to low- to moderate-income people who cannot prepare their own tax returns. Visit http://www.irs.gov/individuals/article/0,,id=107626,00.html for more information.

Other Helpful Publications

Publication 907, Tax Highlights for Persons with Disabilities
Publication 17, Your Federal Income Tax
Publication 3966, Living and Working with Disabilities

Visit the IRS at www.IRS.gov or call toll-free (800) 829-1040 / TDD (800) 829-4059.

Need Help With Your Taxes?

From February 1 through April 15 each year, the AARP Tax-Aide program, which is a free and confidential tax assistance service, is available to help two million low- and moderate-income taxpayers prepare basic tax forms. Free one-on-one counseling and assistance on the telephone and Internet are available. To find a local AARP Tax-Aide, please call 1-888-227-7669 or visit www.aarp.org/taxaide.

A Simple Explanation of the Mortgage Debt Relief Act of 2007

The Mortgage Debt Relief Act of 2007 allows taxpayers to exclude from income the amount of debt forgiven related to their principle residence. If the debt was reduced through mortgage restructuring or the debt was forgiven connected to a foreclosure, then it qualifies under the Act and the taxpayer does not need to report it as income. The exclusion only applies if the debt was incurred to buy, build or substantially improve a principal residence. Further, the debt must be secured by the home. If the debt is forgiven, it must be reported on Form 982 and attached to the taxpayer's tax return. The act only applies to debts forgiven anytime in 2007 through 2012. The maximum a taxpayer can exclude is $2 million, or $1 million (if married filing separately).

Refer DCSD to a Friend!

Do you know someone who is suffering in silence like you once were? Help a friend, neighbor, relative or other loved one achieve peace of mind and restore dignity in his or her life. Help US by distributing DCSD cards around your community and make others aware of the service that has been helping you restore dignity to YOUR life! We'd love to talk to anyone whom you think would benefit from our service.

Please give your friends and loved ones DCSD cards. Please call (800) 992-3275 ext. 1004 for DCSD cards.

Update Your Contact Info!

It's a new year, and we want to make sure we have all of our clients' contact information up to date. Please help us by providing any new information that we may not have on file already on the form below.

Name: ______________________________ Client ID: ____________________

Address: ____

City/State/ZIP: ____

Home Phone: ____________________ Cell Phone: ____________________

E-Mail: ____

Please send back to:

Debt Counsel for Seniors and the Disabled
542 S. Dearborn, Suite 1260
Chicago, IL 60605
E-mail: info@lawyers-united.com
FAX: 312-939-2741