

EXPERT
CONTRIBUTOR

Top Tax Questions We Hear

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I am excited for the opportunity to be practicing in McLean County. Having begun my career in Chicagoland and then moving to a small rural town to start a family, the Bloomington-Normal area brings the best of both worlds together.

I have always encouraged my clients to ask me their financial questions, preferably before they make a final decision or enter into a transaction that may have tax consequences. After decades in practice, there are certain questions that we tend to hear every year, many times more than once. With the 2024 tax filing season upon us, it seems timely to share some of those questions and our answers.

How long until I receive my refund?

When you receive your refund depends on when and how you filed your tax return. The IRS issues most

refunds within 21 days after receiving your return. The fastest way to get your refund is by filing electronically and have your refund directly deposited into your checking or savings account. It will take longer if you file a paper return or if your refund check is mailed.

You can track the status of your refund at www.irs.gov using their "Where's My Refund?" tool. Simply enter your Social Security number, your tax filing status and the refund amount you're expecting. The tool will let you know the status within 24 hours of filing electronically or after roughly four weeks if you mail in your return. The closer to the April 15th deadline you file, the longer the wait may be due to the volume of returns being processed at that time.

What if I'm not ready to file by the April 15th deadline?

When you electronically file your tax returns you have until midnight local time. Paper-filed tax returns are considered

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on time if they're postmarked by April 15th. Some post offices offer extended hours and late postmarking options on "tax day."

If you're still not ready, you can request an extension of time to file your taxes by submitting Form 4868. This request automatically gives you another six months to file your return. Remember though, this only gives you extra time to file. Any tax that you may owe is still due by April 15th to avoid potential late payment penalties and interest.

There is not a penalty if you miss the deadline and you don't owe money, but you will likely have to wait longer to receive your refund.

Who can I claim as a dependent on my taxes this year?

For tax purposes, a dependent is someone, other than your spouse, who qualifies to be claimed by someone else on their tax return. A dependent would be someone who relies on you for financial support, typically your children or other family members. It may also include people who aren't related to you, such as a domestic partner or even a friend if they qualify. Most questions come from situations with children of divorced or separated parents, or parents that live apart from one another. If you're not certain, the IRS has tables that walk you through the process by answering a series of yes or no questions.

Can I claim a deduction for my home office?

Under current law, people working remotely for an employer can't deduct home office expenses. Self-employed people can deduct expenses related to their home office if they use a portion of their home "regularly and exclusively" for business. The home office doesn't necessarily need to be a separate room but it must be an area that you don't use for anything else, like your kitchen table.

If you qualify, you can deduct a portion of your rent or mortgage interest, utilities, and homeowners or renters insurance. The amount of the deduction is based on the percentage of your home that you use as your home office, typically measured by square feet. Alternatively, you can claim a deduction under the simplified method, which is

calculated at \$5 per square foot of your home office (up to 300 square feet), or a maximum deduction of \$1,500 per year.

How long do I need to keep my tax records?

It's a good idea to keep your tax returns, paper or electronic copies, forever.

You should keep the documents supporting your income, expenses and deductions for at least three years after the filing deadline. Generally, the statute of limitations allows the IRS to assess taxes due for a tax year for up to three years from the later of the due date of the return, or the date the return was filed. However, if they find a substantial error with your return, they have up to six years to initiate an audit.

Hold onto records of stock and mutual fund purchases that you make, other than in a retirement account, for as long as you own that investment. Save the paperwork from the purchase of your home and any significant home improvements you make to it until you sell the property. Also, keep records of nondeductible IRA contributions until all funds are withdrawn from the account to avoid overpaying taxes.

Do I need to file a tax return this year?

The requirement to file depends on your filing status and the amount of your gross income, including earned income from a job and unearned income (such as from investments), which generally starts at \$14,600 for 2024. If you are self-employed, you must file if your net earnings are \$400 or more.

You may want to consider filing a return even if you aren't required to. If income taxes were withheld from your paychecks, you made estimated tax payments or to claim any tax credits you may be entitled to, then filing may result in a refund for you.

We are here to answer any tax-related questions you may have. Give us a call at (309) 276-0977 or visit us online and check out the free resources available at www.SaveMooreTax.com.