

5 Steps to Tax Season Success

Tax season is here. Prepare now to avoid any unwanted surprises April 15.

January 30, 2021 3 min read

Opinions expressed by *Entrepreneur* contributors are their own.

Even if you think your tax situation is straightforward, getting started now can help you to avoid unwanted surprises.

When should I file?

The tax deadline for most individual taxpayers is April 15, 2021, not including extensions. If you anticipate you will need more time, you can file an extension, giving you until Oct. 15 to file your return.

Related: 4 Questions to Ask Yourself During the 2020 Tax Season

How will I file?

Some taxpayers may qualify to file their federal tax returns free of charge. The IRS partners with several electronic filing providers for taxpayers who make less than \$72,000 annually.

If you have a more complicated tax profile or you prefer to have the guidance of a tax expert, you may want to consider the services of a certified public accountant (CPA) or other tax professionals when completing your return.

For those who did not receive the stimulus – or received less

than the full amount – your tax preparer can help you to determine your eligibility for the Recovery Rebate Credit.

Gather your tax documents

The IRS requires that all tax documents, including W-2s, 1099s, and 1098s be postmarked no later than Jan. 31 of each year.

Make a list of what you anticipate receiving. If you have not received your documents by the first week of February, you can follow-up with the financial institution to get help in resolving the issue.

Max out retirement contributions

If you have not maxed out contributions to your Traditional or ROTH IRA, you still have time. You have until April 15 to make contributions for the 2020 calendar year. Taxpayers can contribute up to \$6,000 (plus an additional \$1,000 for those 50 and older) for 2020.

If you are self-employed, you have until the due date, including extensions (Oct. 15) to make contributions to any self-employed retirement accounts you may have.

Your tax professional can assist you in determining your eligibility to contribute.

Related: How Does the New Stimulus Package Affect You?

Look out for tax scams

Tax season brings out unscrupulous companies and individuals who contact you posing as representatives of the Internal Revenue Service to gain access to your refund or personal information.

It is important to note that the IRS will never contact you initially by phone or email. Also, the IRS will not request that you purchase gift cards or similar items to make tax payments. Do not click on any links that might be contained within the body of the email.

The IRS will only contact you through the U.S. Postal Service when making contact. If you have not received any correspondence in the mail, be aware that anyone contacting you via phone or email is likely a scammer.

You may report these individuals to the Internal Revenue Service at phishing@irs.gov.

<https://www.entrepreneur.com/article/363363>