

Worksheet

Filing Your Taxes

Theme 6: Understanding the IRS

Lesson 3: Methods of Filing

Summary

Most people who work need to **file a tax return**. Benefits of **electronically preparing** and transmitting tax returns include increased accuracy, faster **refunds**, and the ability to file **federal and state** returns simultaneously.

- **Electronic filing** using **tax preparation software** on a personal computer is one option. Taxpayers can **transmit** their returns from home, workplaces, libraries, financial institutions, or retail outlets.
- A second option is to use tax professionals, including certified public accountants (CPAs), tax attorneys, IRS-enrolled agents, tax preparation businesses, and **VITA** and walk-in sites. Of these tax professionals, only an ERO (Electronic Return Originator) can electronically transmit tax returns. Depending on the tax professional and the services required, a fee may be charged.

Activity 1

It's tax time! Help the taxpayers below select the electronic filing option from the answer key that would work best for each.

Answer Key:

- A. Personal computer
- B. Tax Professional

_____ Bram is unmarried and has no children. His only source of income is from his after-school job at a retirement home. Bram loves computers, technology, and problem solving.

_____ Lee and Nu are married and have two children. They own their own business, a bakery. An accountant maintains their business records. They have a complex tax return.

Activity 2

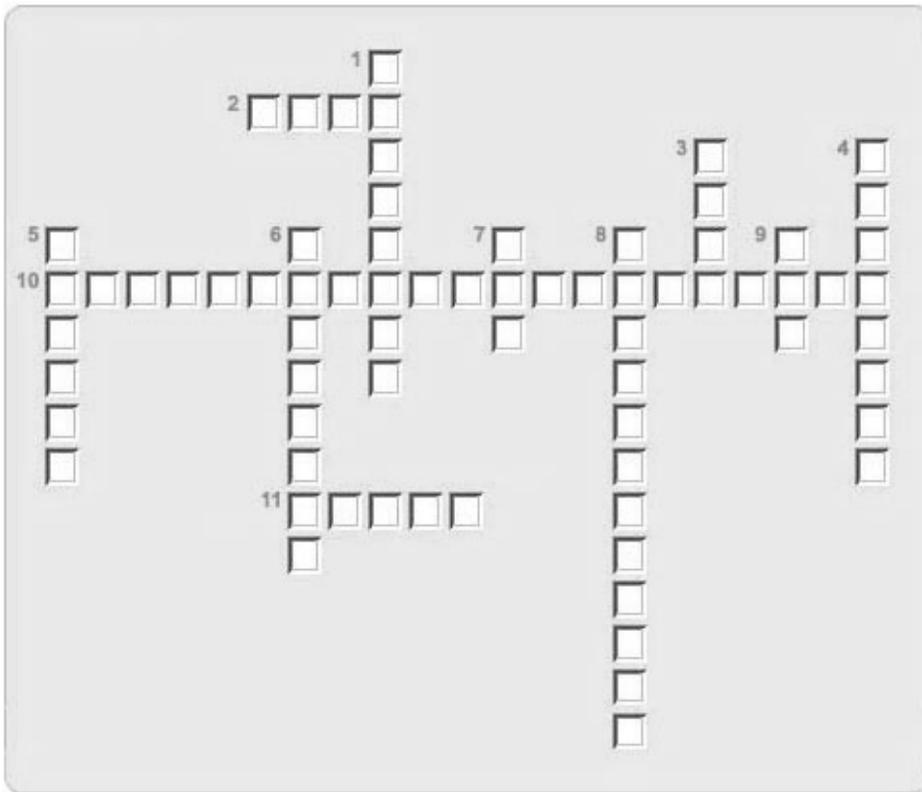
Solve the crossword puzzle below, using the clues listed. Your Key Terms. Info Sheet will help.

Across

9. Tax software and computers are used to complete tax returns. _____ .
10. Transmission of tax information directly to the IRS using telephones or computers _____ .

Down

1. To mail or otherwise transmit to an IRS service center the taxpayer's information, in specified format, about income and tax liability is to _____ a return.
2. Provides free income tax return preparation for taxpayers with limited or moderate incomes, limited English skills, or who are elderly or disabled _____ .
3. Send electronically _____ .
4. After the income tax return is prepared, the money owed to the taxpayer, if any, is called a _____ .
5. Tax preparation software is designed for the _____ .
6. The federal agency that collects income taxes in the United States _____ .
7. The total tax bill, or amount of tax that must be paid _____ .
8. Allows people to "sign" their tax returns electronically and is made up of any five numbers _____ .



Activity 3

Read the question below, then write a short essay explaining your predictions.

- How do you think the filing of taxes may be simplified even further as technology develops in the future?
