

Tax Time Tips and Reminders

Forgetting about tax deductions or credits can be costly. It's important to tell your tax preparer about your expenses, gifts and retirement plan contributions to help lessen your tax bill. Even if you prepare your own tax return, begin gathering this information now. Here is a list of useful items that can easily slip your mind.

Note: The IRS forms and publications noted below can be found at [irs.gov](https://www.irs.gov). Be sure to review the 2021 version of these documents.

IRA contribution deduction	<p>Have you told your tax preparer about your IRA contributions for 2021? Investors commonly forget to mention this fact unless they make the contribution near the time they actually file the tax return. A Traditional IRA contribution must be reported on your tax return, whether or not it is deductible.</p> <p>Note: You may contribute to a Traditional IRA beyond age 70 ½, if eligible.</p>
Coronavirus-related distributions	<p>If you took coronavirus-related distributions (CRDs) in 2020 from your IRAs or qualified retirement plans and elected to pay tax on these distributions over three tax years or retribute the distribution within three years, discuss with your tax preparer how to report for 2021.</p>
Health Savings Accounts (HSAs)	<p>Eligible taxpayers may make deductible contributions to an HSA for the 2021 tax year through the filing deadline for their return (without extension). Complete IRS Form 8889 to properly report your HSA contributions and distributions.</p> <p>Note: Distributions from an HSA for over-the-counter medications purchased without a prescription are tax-free.</p>
Charitable contributions	<p>Not all charities send a confirmation statement or letter of your gift when the contribution is less than \$250. Review your check records or credit card statements for any forgotten charitable donations.</p> <p>If you took a qualified charitable distribution (QCD) from your IRA in 2021, be sure to review the instructions for Form 1040 to properly report this type of IRA distribution, or provide your tax preparer with all the details.</p> <p>Note: A charitable deduction of up to \$300 (\$600 if married filing jointly) was allowed for 2021 in addition to your standard deduction for those who do not itemize their deductions. This applies only to cash contributions and is not available for contributions to donor advised funds or other supporting organizations.</p>
Tax benefits for education	<p>To determine which credit or deduction is most beneficial to you, refer to IRS Publication 970 for a complete list. This publication will also help you with determining the reporting and taxation of withdrawals from a 529 plan or Education Savings Account.</p>
Military families	<p>There are many special tax rules for military families. To be sure you are taking advantage of those that apply to you, review IRS Publication 3, Armed Forces' Tax Guide. Also, confirm that your tax preparer has experience with filing tax returns for military families.</p>

Foreign taxes paid	If you invest in foreign securities, you may have had to pay foreign withholding tax to another country. In this case, you may be able to claim the taxes paid as an itemized deduction on Form 1040 Schedule A or as a foreign tax credit on Form 1116. For many investors these amounts are easily overlooked.
Health insurance premium tax credit	If you purchased health insurance through the Health Insurance Marketplace in 2021, you may be eligible for the premium tax credit. To claim the credit or reconcile advance payments of the credit, file IRS Form 8962 with your income tax return. The Marketplace is required to provide IRS Form 1095-A no later than January 31 to assist you with claiming the credit.
Recovery rebate credit	In 2021, many individuals received economic impact payments related to coronavirus stimulus legislation. These payments were an advance payment of the 2021 recovery rebate credit. If you were eligible but did not receive your payment or believe you received the wrong amount, use the worksheet in the IRS Form 1040 instructions to calculate and claim your credit.
Tax returns for children	It is easy to forget that your young child had income during the year. Children with investment income or capital gains transactions may be required to file a tax return of their own. To determine filing requirements for your child's situation, review IRS Publication 929, Tax Rules for Children and Dependents.
Extending your tax return	In some cases you may not have all of the information needed to complete your income tax return by the deadline. For example, if you have investments that report tax information to you on a Schedule K-1 instead of Form 1099, you may not receive your Schedule K-1 until after the return due date. If this is your situation you may consider filing Form 4868 to receive an automatic extension of time to file your return. However, this is an extension of time to file, not to pay. You must pay your tax due by the filing deadline.
Identity Protection PIN (IP PIN)	In the past, this special PIN number was primarily available to victims of identity theft. As of 2021, other individuals may request an IP PIN to prevent someone else from using their Social Security number to file a fraudulent tax return. For more information about this voluntary program, go to irs.gov/IPPIN .

Try out these IRS tools at irs.gov

Tax Withholding Estimator	<p>The IRS requires that you pay your income tax throughout the year as the income is earned (with few exceptions). This is typically done through withholding. Use this tool to review your paycheck to see if you have the right amount of tax withheld for your personal situation. This tool may also help retirees who may have tax withheld from other sources such as Social Security payments.</p> <p>For income that is not subject to withholding, you may be required to make estimated tax payments on Form 1040-ES in order to avoid underpayment penalties. Your tax advisor can help with this determination for the 2022 tax year.</p>
Where's My Refund?	Check the status of your refund online. The IRS advises taxpayers to file electronically with direct deposit to speed refunds during the pandemic.
Charitable Organization Look-up	Search for a charity or non-profit organization and find out if it's eligible to receive tax-deductible contributions.
Sales Tax Calculator	Determine the amount of optional state and local sales tax you can claim as an itemized deduction.

Choosing a tax preparer

Choosing a tax preparer is another important decision during income tax filing season. Here are some tips for selecting a tax preparer:

- Be wary of tax preparers who claim they can obtain larger refunds than others or who claim they can always get you a refund.
- Avoid tax preparers who base their fees on a percentage of the refund.
- Use a reputable tax professional who signs the tax return and provides a copy.
- Consider whether the individual or firm will be in business months or years after the return has been filed to answer questions about the tax return's preparation.
- Verify the preparer has an IRS Preparer Tax Identification Number (PTIN). Only a preparer who has a valid PTIN is authorized to prepare federal tax returns for compensation.
- Check the preparers' credentials. Only attorneys, CPAs and enrolled agents can represent taxpayers before the IRS in all matters, including audits, collections and appeals. The only other tax return preparers with any representation rights will be those who participate in the IRS Annual Filing Season Program. These preparers are limited to representing taxpayers whose returns they prepared and signed; and only in initial audits, customer service matters, and before the Taxpayer Advocate Service.
- Find out if the return preparer is affiliated with a professional organization that provides its members with continuing education and other resources, and holds the preparer to a code of ethics.

You can view more information about choosing a tax return preparer at irs.gov/tax-professionals/choosing-a-tax-professional.

Your financial advisor can help

Investments and taxes go hand in hand. Your financial advisor can help this tax season go more smoothly for you by:

- Opening a last-minute IRA or depositing an IRA contribution for the 2021 tax year. Taxpayers may make 2021 contributions to Traditional and Roth IRAs through the filing deadline for their return (without extension).
- Providing the account information needed on your income tax return to directly deposit your income tax refund into your investment account or IRA.
- Collaborating with you and your tax advisor regarding:
 - How tax law changes may impact your investments or retirement accounts
 - How future changes to your portfolio may impact your tax situation
 - The need to make any modifications to tax withholding on your IRA distributions or other investment income
- Providing the report Help Avoid Tax Related Identity Theft to help reduce your chances of becoming a victim. It will also provide information about what to do if you believe someone has used your Social Security Number to file a tax return and claim a fraudulent refund.

Wells Fargo Advisors is not a tax or legal advisor. While this information is not intended to replace your discussions with your tax advisor, it may help you to comprehend the tax implications of your investments and plan efficiently going forward.