

Do I Have to File a Tax Return?

Article Highlights:

- When You Are Required to File
- Self-Employed Taxpayers
- Filing Thresholds
- Benefits of Filing Even When Not Required to File
- Refundable Tax Credits

This is a question many taxpayers ask during this time of year, and the question is far more complicated than people believe. To fully understand, we need to consider that there are times when individuals are **REQUIRED** to file a tax return, and then there are times when it is to individuals' **BENEFIT** to file a return even if they are not required to file.

When individuals are required to file:

- Generally, individuals are required to file a return if their income exceeds their filing threshold, as shown in the table below. The filing thresholds are the sum of the standard deduction for individual(s) and the personal exemption for the taxpayer and spouse (if any).
- Taxpayers are required to file if they have net self-employed income in excess of \$400, since they are required to file self-employment taxes (the equivalent to payroll taxes for an employee) when their net self-employed income exceeds \$400.
- Taxpayers are also required to file when they are required to repay a credit or benefit. For example, taxpayers who underestimated their income when signing up for insurance on the marketplace and received a higher advanced premium tax credit than they were entitled to are required to repay part of it.
- Filing is also required when a taxpayer owes a penalty, even though the taxpayer's income is below the filing threshold. This can occur, for example, when a taxpayer has an IRA 6% early withdrawal penalty or the 50% penalty for not taking a required IRA distribution.

2014 – Filing Thresholds

Filing Status	Age	Threshold
Single	Under Age 65	\$10,150
	Age 65 or Older	11,700
Married Filing Jointly	Both Spouses Under 65	\$20,300
	One Spouse 65 or Older	21,500
	Both Spouses 65 or Older	22,700
Married Filing Jointly	Any Age	3,950
Head of Household	Under 65	\$13,050
	65 or Older	14,600
Qualifying Widow(er) with Dependent Child	Under 65	\$16,350
	65 or Older	17,550

When it is beneficial for individuals to file: There are a number of benefits available when filing a tax return that can produce refunds even for a taxpayer who is not required to file:

- *Withholding refund* – A substantial number of taxpayers fail to file their return even when the tax they owe is less than their prepayments, such as payroll withholding, estimates, or a prior overpayment. The only way to recover the excess is to file a return.
- *Earned Income Tax Credit (EITC)* – If you worked and did not make a lot of money, you may qualify for the EITC. The EITC is a refundable tax credit, which means you could qualify for a tax refund. The refund could be as high as several thousand dollars even when you are not required to file.
- *Additional Child Tax Credit* – This refundable credit may be available to you if you have at least one qualifying child.
- *American Opportunity Credit* – The maximum credit per student is \$2,500, and the first four years of postsecondary education qualify. Up to 40% of that credit is refundable when you have no tax liability and are not required to file.
- *Premium Tax Credit* – Lower-income families are entitled to a refundable tax credit to supplement the cost of health insurance purchased through a marketplace. To extent the credit is greater than the supplement provided by the marketplace, it is refundable even if there is no other reason to file.

DON'T PROCRASTINATE! There is a three-year statute of limitations on refunds, and after it runs out, any refund due is forfeited. The statute is three years from the due date of the tax return. So the refund period expires for 2011 returns, which were due in April of 2012, on April 15, 2015.

For more information about filing requirements and your eligibility to receive tax credits, please contact this office.