



Steps to Consider When Filing your Taxes

More than 200 million Americans are gathering forms and pondering calculations – it's tax time.

Filing your individual tax return can be complicated, and it is only going to get more complicated after you receive your first Call. But you don't have to be one of the many people that dread April 15. With a little organization on the front end, preparing your taxes can be a breeze.

STEP 1: CHECK IF YOU NEED TO FILE

The IRS has a **step-by-step tool** to help you determine if you need to file, using factors such as your age, income and marital status. Assuming you don't need to file could be a costly mistake. Even if you are not required to file, it may be a good idea to do so. You may be owed a tax refund if your vicarage congregation or another employer withheld taxes. Look at Box 2 on your W-2 to see if federal income taxes were withheld during the year. By not filing, you could also miss out on refundable tax credits, such as the child tax credit.

STEP 2: COLLECT YOUR TAX DOCUMENTS

- W-2s (from your vicarage congregation and any other employers for this calendar year).
- 1099s (work at other congregations).
- Mortgage interest statement.
- Investment income statements.

Most of the documentation you need should be mailed to you by Jan. 31, so keep an eye out. Contact any organization you haven't received tax statements from by mid-February to ensure you receive your paperwork in time to get your taxes filed.

Tax tip: Promptly file any tax documents and important receipts together in one place when you receive them, so you don't have to search the house for them next spring. Buy a few manila folders or a filing system that will hold your tax documents. Save everything for at least three years.

STEP 3: CHOOSE BETWEEN THE STANDARD DEDUCTION OR ITEMIZING

When you file your taxes, you can take the standard deduction or itemize your deductions. This is an important decision because each of these options lowers your taxable income and potentially your tax bill. So how do you decide?

The standard deduction for the 2023 tax year for single filers is \$13,850 and \$27,700 for married couples filing jointly. If you can write off more than those amounts, you're better off itemizing. Remember, you'll need proof to back up your itemized deductions. Some of the deductions that require proof include:

- Charitable giving.
- Personal property taxes.
- Mortgage interest.
- Real estate taxes.

With this in mind, The Joint Committee on Taxation estimates nearly 90% of Americans will take the standard deduction.

STEP 4: PICK A FILING STATUS

Your filing status helps determine what you'll need to do to file, the amount of your standard deduction, your eligibility for certain credits and how much you'll owe in taxes (or amount of a potential refund).

There are four common statuses to choose from and you may qualify for more than one, which can make filing tricky.

1. **Single.** You're not married, are divorced or legally separated, or are widowed before the tax year ends.
2. **Married Filing Jointly.** You're married and agree to file a joint return.
3. **Married Filing Separately.** If you're married but file your taxes separately.
4. **Head of Household.** This one's a little confusing. To qualify you must have paid for more than half of the household expenses for the year, be unmarried and must have a "qualifying child or dependent." If you're a single parent or taking care of an ailing family member, you may qualify.

The most common filings are as a single taxpayer or married filing jointly, but there are some rare instances where you might consider filing separately, so always do the math.

STEP 5: FILE YOUR TAXES

Once you have all of your documents organized, you're ready to file your taxes. According to the IRS, most Americans choose to hire a professional to help them file their tax returns electronically; however, some individuals file using tax software or by paper forms.

Free File is a program the IRS offers filers with earnings below \$79,000 – it offers access to free online tax preparation provided by a number of commercial firms. To use Free File go through the [IRS's website](#), not the individual providers' site. Many states also offer free state tax-prep online and some are linked to the IRS Free File site.

Tax tip: If a mistake does occur, try not to stress too much. Remember, you generally have up to three years from the date your return was filed to correct your mistake by filing an amended tax return.

DON'T WAIT UNTIL NEXT YEAR

Take a deep sigh of relief that your taxes are done ... now it's time to think about next year! Review these steps so you'll be prepared for next year's taxes.

This bulletin was designed to address the tax concerns of most LCMS vicars. It does not apply to individuals currently listed on Synod's roster as commissioned ministers of religion. For more specific advice, consult with a tax professional.