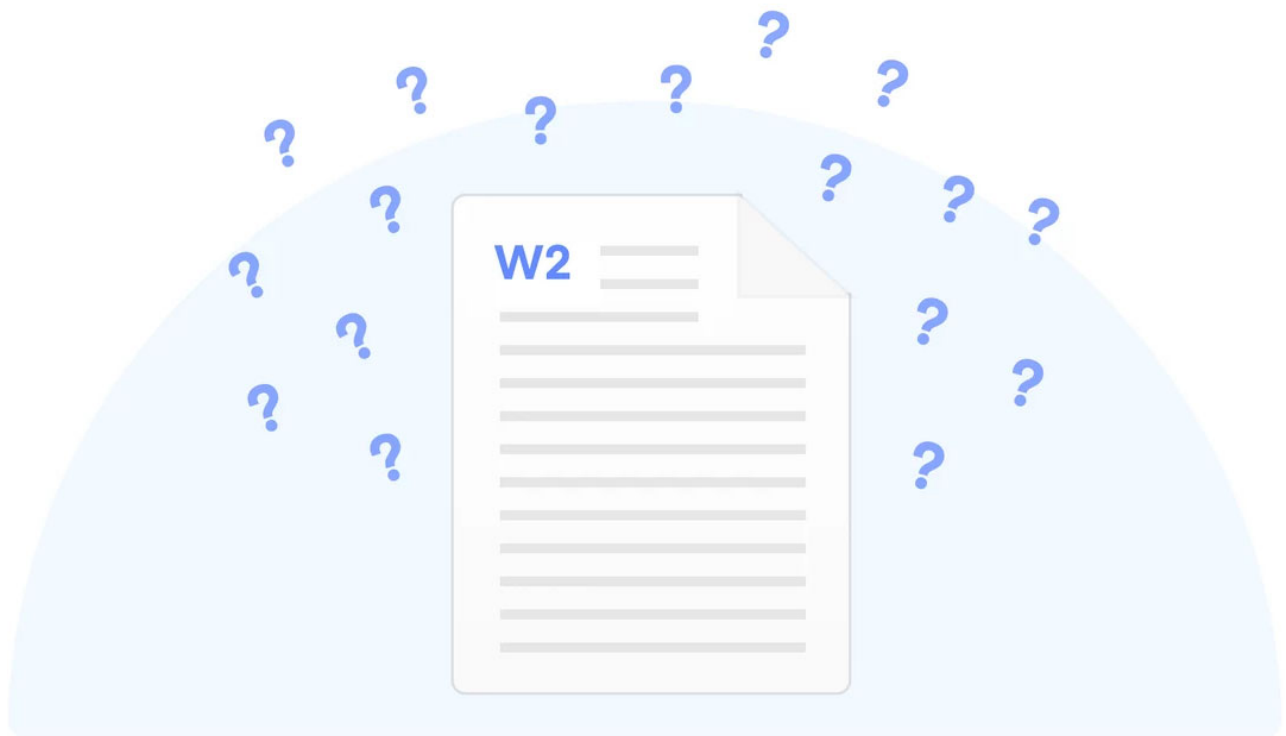


# 7 Tips For Tackling Tax Season Like A Pro

Blog — Written by Katy Sputo on February 16, 2021



Tax season is here.

Filing taxes can be a confusing process, even during the most normal of years. However, 2020 was anything but normal so filing your taxes for 2020 may be a bit more complicated.

Don't stress! Here at Level, we want to make sure you're prepared. We're here with seven tips to help you prepare and make this tax season less of a headache.

1. Ensure You Have The Correct Income Paperwork
2. Sort Out Your Deductions
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4. Elect to E-file
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## **Ensure You Have The Correct Income Paperwork**

Whether your financial or job situation changed in 2020 or not, it's important to ensure that you gather the proper and necessary forms to prepare your taxes. If you're a traditional employee, your employer will most likely issue you a W-2 form. If you are a contractor, freelance, or gig worker, you will need to fill out the proper

1099 forms. The IRS website outlines the [1099 forms to document your 2020 income](#).

If you received state and federal unemployment benefits in 2020, you will receive a 1099-G form from your state unemployment office which documents your compensation for the year. *Remember, you need to pay taxes on any unemployment funds you received.*

Also, if you have miscellaneous income, which include but are not limited to those for miscellaneous income, dividends, and sale of property, you would need to include them on the 1099-MISC form.

## **Sort Out Your Deductions**

Once you gather the necessary income paperwork, take the time to sort out and determine which deductions you may be eligible for. Deductions can help you lower your tax bill and receive credits.

The most common deductions include, but are not limited to donations for charity, child care costs, education expenses, home mortgage interest, adoption costs, medical and dental costs, and child tax credits. If you are a contractor, gig, or freelance worker and have received a 1099 form, you can claim business expense deductions. The IRS outlines which [business expenses can be deducted](#) on their website.

Many tax preparation and filing software programs will guide you through the various deductions available so that you may see what you qualify for. This can help simplify the process!

## Coronavirus Tax Considerations

The COVID-19 pandemic impacted everyone and the various relief packages in 2020 will be an important factor in your taxes. As part of the first Coronavirus Aid, Relief, and Economic Security (CARES) Act, the US government sent up to \$1,200 per adult and up to \$500 per child under 17 years of age (up to \$3,400) in stimulus payments to millions of eligible Americans last spring.

The US Government sent a second stimulus payment of up to \$600 per adult and up to \$600 per qualifying child was sent at the end of 2020 and beginning of 2021 as part of the Coronavirus Response and Supplemental Appropriations Act of 2021. These funds, designed to help Americans during the pandemic, **will not count** as taxable income but are treated as a refundable tax credit.

If you didn't receive full or partial payments of either round of stimulus payments and meet the eligibility qualifications, you will be able to claim the amount of stimulus money you're entitled to when you file your 2020 tax return. You may be eligible for a Recovery Rebate Credit. For qualification information visit the [IRS Economic Impact Payments website](#).

### Elect to E-file

Due to staffing constraints with the IRS and COVID-19 related delays with the postal service, taxpayers are strongly encouraged to file their 2020 taxes electronically. When filing online, the IRS states that taxpayers will receive their tax refund within 3 weeks. However, if you elect to file via a paper mail-in form, it may take up to 6 to 8 weeks to process your return.

There are multiple tax preparation and filing software options available to file your federal individual tax return for free. The IRS offers the Free File Program in

partnership with various tax preparation and filing companies who offer their brand-name products for free. Individuals whose adjusted gross income is \$72,000 or less qualify to use the Free File Program, but each company has its requirements as to who can use their service. You can find further information on the [IRS Free File Program website](#).

## **Set Up Direct Deposit To Receive Refund**

You may receive your refund earlier when you elect to receive your funds via direct deposit. According to the IRS, 9 out of 10 refunds are issued in less than 21 days.

Setting up to receive your refund via [direct deposit to Level](#) is quick and simple. All you need is your routing and account numbers found right in the main menu in the app. If you're not a Level member, you can [sign up now](#) and have your refund deposited directly into your Level account up to 2 days early\*.

## **“Measure Twice, Cut Once”**

Before you press submit, take a few minutes to review all of the information you've entered. Confirm that your personal information, including name, address, and Social Security Number is correct. Ensure that you've accurately documented all of your income, including company employment, freelance, gig work, and unemployment funds. Double-check that you've claimed any tax deductions or credits you may be eligible for.

Finally, double-check your bank account information, such as your bank account number, routing number, and bank name. If your account information is off, even by one number, your tax refund could be deposited into someone else's account or returned. Yikes!

## Save Yourself Stress. Start Now!

Don't delay in filing your taxes! The IRS began accepting filings on February 12th and the deadline for filing is April 15th. By starting earlier, you give yourself more time to fill out paperwork and troubleshoot any problems that may come up. If you use a tax professional to help with your taxes, they may become busier as the April 15th deadline approaches and may be unable to assist you as quickly. By filing early, you stand a better chance of getting the help you need when you need it.

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\*Direct deposit and earlier availability of funds depends on timing of payer's submission of deposits. We generally post such deposits on the day they are received which may be up to 2 days earlier than the payer's scheduled payment date.

The logo for Level, featuring the word "level" in a bold, lowercase, sans-serif font. The letters are black and have a slightly irregular, hand-drawn appearance.