

Should I File A 2014 Tax Return?

Here are **10 Reasons Why You Should File**

1. You may be **required by law** to file based on your income

If you are self-employed, and you earned more than \$400 in 2014, you are required by law to file a tax return. That's the level at which you are required to make payments for Social Security and Medicare.

If you are not self-employed, you can earn a lot more than \$400 before you are required to file a tax return. How much depends on your filing status and your age. For example, a single person who is under age 65 must file a 2014 tax return if his gross income for 2014 was over \$10,150.00.

Other income is included in gross income besides earnings. One type of income that is often overlooked is cancelled debt income. Forgiven debt (such as student loan or mortgage debt) is considered income and may require you to file a tax return.

How do you know how much income you received? You should be receiving "information returns" now. These are W2s and 1099s issued by employers, banks, and others who provided you with income during 2014. These will tell you how much income you received from each source and how much, if any, tax was withheld. The deadline for you to receive your 2015 W2s and 1099s is February 2, 2015.

2. You received the **Premium Tax Credit** during 2014

If you signed up for health insurance ("Obamacare") through the Marketplace and received the Premium Tax Credit during 2014 (a subsidy paid directly to your insurer to reduce the amount you paid out of pocket for purchasing health insurance under the Affordable Care Act) and you fail to file a tax return, you may end up being required to repay the full amount paid to your insurer on your behalf. You are required to file a tax return to reconcile the subsidy that was paid with the subsidy you were entitled to receive.

3. You could **receive a refund** of tax that was withheld from your 2014 paychecks

You can claim a refund for prior years too—up to 3 years after the due date of the tax return.

4. You may qualify for the **Earned Income Tax Credit (EITC)**

But you can only receive the EITC by filing a tax return! If you had income from working, you can receive the EITC as part of your refund even though you did not have that much withheld from your income. How much you receive depends upon your income and the number of qualifying children you have.

For example, a single person with no qualifying children who earned no more than \$14,590 in 2014 can receive up to \$496 from the EITC even though the taxpayer had no qualifying children. Taxpayers with one qualifying child can receive up to \$3,305. Taxpayers with two qualifying children can receive up to \$5,460 from the EITC. Taxpayers with three or more qualifying children can receive up to \$6,143.

In Monroe and Owen Counties, the Free Community Tax Service offers many options for you to get your 2014 tax return prepared for free. You qualify if you make \$53,000 or less in 2014.

Indiana Legal Services, Inc. (ILS) runs a Low Income Taxpayer Clinic that can help taxpayers (whose income must generally be under 250% of the Federal Poverty Level) solve their IRS problems. ILS is not a tax preparation service. If you have a tax problem, contact ILS at 812-339-7668 or 1-800-822-4774 or at tax.clinic@ilsi.net



5. You need **Federal Financial Aid** for school

You need to file a tax return if you are applying for financial aid to go to school or if you have children who are applying for financial aid.

6. To avoid being a victim of **identity theft**

By filing a tax return, you will reduce your odds of being the victim of tax-related identity theft. Millions of people have had their names and Social Security numbers used by identity thieves to create fraudulent tax returns for the purpose of obtaining tax refunds by fraud. The people most likely to have their names and SSNs used for this purpose are those who do not regularly file tax returns. Often they learn they are the victims of identity theft when they finally try to file a tax return.

7. You wish to **become a U.S. citizen** or improve your legal status

Immigrants who wish to improve their legal status need to file tax returns. Lawful permanent residents who wish to become citizens will need to provide proof of filing required tax returns. Filing a tax return, even if not required because of low income, is still a good way to prove presence in the U.S. Immigration reform will require immigrants to prove their presence in the US from a certain date.

8. You plan to file for **bankruptcy**

If you file bankruptcy, the trustee will want you to provide copies of your tax returns for the last 2 years.

9. You had qualified **education expenses** in 2014

You may be able to receive an educational tax credit if you, your dependent, or a third party pays qualified education expenses.

10. You plan on **applying for a loan** in the future

If you apply for a loan, you will likely be asked to provide copies of your most recent year's tax return to document that you have enough income to repay the loan.

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