



New Mexico Legal Aid, Inc.

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IT'S TAX SEASON: FILE NOW

1. Free in-person income tax preparation by appointment only!

- You can make an appointment with Tax Help New Mexico at taxhelpNM.org or call the *Tax Help Resource Hotline at 505-247-3671 ext. 265*. In-person income tax preparation available most Saturdays through March 19, 2022. First session: January 29.
- You can make an appointment with AARP Tax-Aide at <https://taxaide.aarpfoundation.org> or call 888-687-2277. In-person income tax preparation available February 1 through April 15, subject to Covid-19 and preparer availability.

You may be able to find additional free income tax preparation sites in New Mexico by calling the IRS at 800-906-9887.

2. Free tax preparation software at <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>.

3. File even if you cannot pay now. There are separate tax penalties for failing to file and failing to pay. If your return is over 60 days late, the IRS failure to file penalty can be as high as \$450.

4. Long delays for your “return” likely. Your “return” may be delayed for weeks. Why? Inadequate staffing at the IRS, plus a backlog of 10.3 million tax forms from last year or earlier. These delays may leave you short of cash.

5. What about getting a cash advance from a commercial income tax preparer against my “return?”

Not a good idea, particularly this year. Interest will run on your advance from when you walk out the tax preparer’s door to when your “return” hits the preparer’s bank account. This year, that could be much later than normal. Meanwhile, interest on your loan may accumulate at rates as high (or higher than) 100 percent. Don’t believe claims that your advance is “interest free.” There may be hidden fees, again often equal to interest rates of 100 percent or more. If you have to borrow to cover the tax preparation fee, borrow as little as possible.

6. Are there other “red flags” for commercial tax preparation?

Walk out if your tax preparer won’t sign your taxes or asks you to approve an incomplete or blank tax form. Walk out if the preparation fee is based on a percentage of your “return.” Don’t leave until the preparer gives you a copy of your taxes. Call the police if the preparer keeps your personal papers, such as Forms W-2, birth certificates or social security cards.

7. With all this hassle, why bother to file?

- If you had one or more “qualifying children” in 2021, you are eligible for payments of \$3,000 for those six through 17 and \$3,600 for those under six. By statute, half of these payments should have been delivered to you monthly in 2021, from July through December. You can only get the other half by claiming it in 2022 on your 2021 tax forms. And, if you didn’t get all of the monthly payments you should have last year, you must claim what’s missing on your 2021 federal tax forms as well. You do not need to have worked in 2021 to receive the full child tax credit amount.
- And, if you didn’t receive all of the third federal stimulus payment in 2021, you can claim what you didn’t receive on your 2021 federal tax form as well! No work requirement!!
- If you did work in 2019 or 2021, and are a low-income or middle-income taxpayer, you are likely eligible for the earned income tax credit, ranging from \$1,502 for those with no qualifying children to

\$6,728 for those with three or more “qualifying children. For 2021 only, workers 65 and older without qualifying children are also eligible for the earned income tax credit. Also for 2021 only, homeless youth or former foster youth age 18 and over are eligible to receive the earned income tax credit, even if they do not have “qualifying children.”

- If your income tax withheld for 2021 is greater than your income tax due, the only way to receive the excess is to file your 2021 taxes.
- And don't forget the New Mexico Working Families Tax Credit, now equal to 20 percent of the earned income tax credit claimed on your 2021 federal tax form.

8. What else for 2021?

- Don't throw away IRS Letter 6419 (<https://www.irs.gov/individuals/understanding-your-letter-6419>) or IRS Letter 6475 when they come in the mail. You or your tax preparer will need these to determine if you received all the advance child tax credit and third stimulus for which you are eligible.
- Be aware there is a greatly expanded child care credit for 2021; you or your preparer will need a record of all your 2021 unreimbursed child care expenses.
- If your earned income in 2019 was higher than in 2021, you or your preparer will need your 2019 tax forms.

More questions? See the full script for “Be Careful: It's Tax Season” on the LITC website, <https://www.newmexicolegalaid.org/LITC>, view our tax preparation videos on the NMLA YouTube channel, <https://www.youtube.com/channel/UCr1tHoa8Eat4Nwyz-XmJn6A>, or speak with one of the attorneys at the NMLA Low Income Taxpayer Clinic:

- Nathaniel Puffer at 505-814-6593
- Grace Allison at 505-234-3795
- Anne Rothrock at 505-545-8543.