5 Common Mistakes on Tax Returns

Rushing to file your tax return increases the chances of error, which can delay your refund, trigger an audit or cause you to have to pay more later. Here are some of the most common tax mistakes to avoid.

1. Missing or incorrect ID

People sometimes get so focused on the numbers that they forget to sign their returns or enter other necessary information, such as their Social Security number. Or the boxes may be filled in, but with errors. Problems with names often occur after marriage or divorce, particularly if you've changed your name but haven't notified the Social Security Administration.

For the IRS to process a return properly, identifying information has to match the agency's records exactly, and everyone filing either singly or jointly must sign the document.

2. Math errors

All those numbers to compute and enter on tax forms provide fertile ground for simple math mistakes. When the IRS catches these errors, it might just recalculate the figures, which may or may not be to your advantage. Such mistakes frequently turn up in areas such as taxes owed, credits for children and first-time homebuyers, deductions and number of exemptions, so double-check your arithmetic before filing.

3. Underreported income

It can be easy to forget to add income from sources other than a regular job out of returns. This can include interest, dividends, rental income or money earned from a side job. For this reason, it's important to keep excellent records and carefully total all income statements such as W-2s, 1099s, K-1s and 1098s to make sure what you report is accurate and the taxes you pay are adequate. Remember, the IRS gets copies of all those forms, too.

4. Wrong filing status

The most obvious filing status isn't always the most beneficial for you, or even correct.

Sometimes couples who file a joint return lose eligibility for valuable tax credits and deductions they could have claimed by filing separately. By the same token, single parents with eligible dependents might lose out by not choosing head-of-household status. Parents with dependent children who work need to make sure everyone is on the same page at tax time. A child can't claim single status if she's being claimed as a dependent on the parent's taxes.

5. Filing late, or never

Many taxpayers get overwhelmed and put off filing their tax returns until after the deadline or don't submit them at all. Eventually, the IRS will notice and come after interest and penalties on anything you owe. Those who are unable to make deadlines can get an automatic six-month extension and avoid these costs just by asking and delivering any taxes due by the filing deadline.

A little extra time and attention go a long way toward completing accurate tax returns. By following these tips, you can ensure you won't get an unexpected letter from Uncle Sam after April's tax deadline.