

- **Self-employed Health Insurance:** A self-employed taxpayer may be able to deduct the amount paid for health insurance for self, spouse and dependents. Publication 535, *Business Expenses*, has the details on this deduction.
- **Mailing address changes:** Due to realignment of work for the Submission Processing centers, some taxpayers will be sending their paper tax returns to different addresses this year. The correct address for the taxpayer's respective state is listed in the tax package and at **IRS.gov**. Taxpayers who e-file are not affected by this change.
- **Earned Income Tax Credit (EITC):** EITC rules have been simplified. Don't guess whether you qualify for EITC — know! The EITC Assistant, available at **IRS.gov/eitc/**, is a new Web-based tool that helps you figure your EITC. It is also available in Spanish. Check **IRS.gov** or get Publication 593, *Earned Income Credit*, for more information. An incorrect claim on a 2004 federal return could disqualify the taxpayer in future years, even if they would otherwise become eligible. EITC is not allowed if investment income exceeds \$2,650. Members of the U.S. armed services who served in a combat zone can choose to include all non-taxable combat pay in earned income when figuring the EITC.

Filing Status	Maximum	No
Number of qualifying children	Credit	Credit at
1 child, single, head of household (HoH)	\$2,604	\$30,338
1 child, married filing jointly (MFJ)	\$2,604	\$31,338
2 or more children, single, HoH	\$4,300	\$34,458
2 or more children, MFJ	\$4,300	\$35,458
No children, single	\$390	\$11,490
No children, MFJ	\$390	\$12,490

Additional tax information

- Publication 17, *Your Federal Income Tax Guide*: Taxpayers can order by calling toll-free **800.829.3676**.
- IRS Web site at **IRS.gov/**: Download forms and publications 24 hours a day, 7 days a week.
- Call **1.800.829.1040** for account information.

IRS tax info for your constituents

Tax help online or by phone

Convenient self-service options are available through the IRS at **IRS.gov/** or by calling one of the IRS toll-free telephone numbers at:

- Forms and Publications: **800.829.3676**
- TeleTax (recorded tax information): **800.829.4477**
- Where's My Refund online: **IRS.gov/Where's My Refund?**
- Automated Refund information: **800.829.4477**
- Refund Hotline: **800.829.1954**
- Tax Help Line for individuals: **800.829.1040**

Go to **IRS.gov** and click on *1040 Central* to find information to help file federal tax returns. Get forms, publications, information and answers to frequently asked questions, too.

Free tax return preparation is available through the IRS Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs in most communities. Volunteers help prepare basic tax returns for individuals who have low or limited income. Some sites offer electronic filing without charge.

- Call **800.829.1040** to find the nearest VITA or TCE sites or call AARP at **888.AARP.NOW (888.227.7669)** for the nearest Tax Aide site. AARP is the largest TCE participant.
- The IRS offers a Spanish language Web site at **IRS.gov/espanol/**. Assistance is also available on the toll-free phone lines.

Face-to-face tax help

IRS Taxpayer Assistance Centers (TACs) are the source for personal, face-to-face tax help. If your constituents need to resolve a tax problem, have questions about how the tax law applies to their individual tax returns, or if they are more comfortable talking with someone directly, you can direct them to their local TAC. Employees in the TAC will help them with:

- Inquiries or adjustments to their accounts
- Payment plans if they owe and cannot pay the full amount
- Questions about IRS letters and notices
- Levies on their wages or bank accounts

No appointment is necessary — taxpayers can just walk in. They also can call a local number to leave a message asking for an appointment to resolve their tax account issue. Find more information about IRS's face-to-face service, including office locations, hours and local telephone numbers on the IRS Web site at IRS.gov/localcontacts/. Phone numbers are also listed in the U.S. Government pages of local phone directories.

Resolve problems locally

The Taxpayer Advocate Service is an independent organization within the IRS dedicated to helping taxpayers resolve their problems. Taxpayers unable to resolve a tax problem and who experience delays or face an economic burden or hardship due to IRS actions, may qualify for the assistance of the Taxpayer Advocate Service.

Taxpayer Advocates can clear up problems that resulted from previous contacts and ensure that cases are given a complete and impartial review. Taxpayers have quick access to the Taxpayer Advocate Service by calling their toll-free number **1.877.777.4778, TTY/TTD 1.800.829.4059**.

Taxpayers can call or write the local Taxpayer Advocate, whose address and phone number are listed in the local telephone directory and in Publication 1546, *How to Get Help With Unresolved Tax Problems*. Or they can go online to www.irs.gov/advocate/.

e-file — Electronic Filing

More people e-file their returns than in any other way. Don't wait in line, go online. This is a quick, easy and smart way to get your taxes where you want them to be — *done!* The IRS leads the way influencing e-behavior by working electronically with consumers, businesses and other groups. IRS e-file gives you peace of mind and getting started is easy. Taxpayers can join the more than 61.5 million individuals who already filed their returns electronically. In 2005, more than half of all taxpayers are projected to e-file their returns. The e-filers can get their refunds in half the time or even faster with Direct Deposit. Just as e-file is the preferred way to file individual returns, businesses can now e-file Forms 940, 941, 990 and 1120.

More than 60 percent of American taxpayers are eligible to file for free or at a low cost. They should visit the IRS.gov Web site and click on *1040 Central* for all the latest information on how to free file their return.

Major tax law changes for 2004

- **Tax brackets:** The threshold points for each tax bracket have been adjusted for inflation. The tax rates are the same: 10 percent, 15 percent, 25 percent, 33 percent and 35 percent. If taxable income is \$100,000 or more, taxpayers must use the Tax Rate Schedules. Taxpayer Computation Worksheets are located in the Form 1040 instructions. Taxpayers who have income less than \$100,000 may be able to file Forms 1040EZ or 1040A, the shorter and simpler forms. Check the Form 1040 series instructions.
 - **Child Tax Credit:** The additional Child Tax Credit expanded the credit limit. Based on earned income, the credit is increased to 15 percent of earned income that exceeds \$10,750. For members of the U.S. Armed Services who served in a combat zone, nontaxable combat pay counts as earned income when figuring this credit limit.
 - **New sales tax deduction:** Taxpayers may be able to deduct state and local sales tax on federal income tax returns for tax year 2004. A new law gives taxpayers who itemize their deductions the option of deducting sales tax instead of state and local income tax. Visit the IRS Web site or check Publication 600, *Optional State Sales Tax Table*, for more information.
 - **Members of the military:** Form W-2 will show whether pay is part of the combat pay exclusion. Members of the military, including those currently in a combat zone, have extended due dates and other special tax benefits under current law. Two new tax law changes apply to military personnel. One of the laws counts excludable combat pay as income when figuring the Child Tax Credit. The second gives the taxpayer the option of counting or ignoring combat pay as income when figuring the Earned Income Tax Credit (EITC). When combat pay is counted as income in calculating these credits, it does not change the exclusion of combat pay from taxable income.
 - **Educator Expenses:** This deduction is again available for tax years 2004 and 2005 for educators in public and private elementary and secondary schools. Educators can subtract up to \$250 of qualified unreimbursed expenses when figuring their adjusted gross income. Those who are eligible to take this deduction must keep their receipts for the out-of-pocket purchases of books and classroom supplies.
 - **Standard Mileage Rate:** The deductible rate for each business mile is 37.5 cents per mile for 2004. Other rates apply for other uses of taxpayer's car.
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