

NEWS

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ACP Members List Five Tax Sins for Consumers to Avoid to Get the Most out of Their Returns in 2021

Tax-focused financial planning professionals weigh in on common mistakes

WILMINGTON, NC [April 13, 2022] – Members of the [Alliance of Comprehensive Planners \(ACP\)](#) are providing an array of tax tips to help the general public and those who are still in the midst of or finalizing their 2021 tax returns. A community of tax-focused financial planners who provide comprehensive planning strategies for their clients on a commission-free retainer basis, ACP members adhere to fiduciary standards, which means that they are legally and ethically bound to put their clients' best interests first.

Journalists who would like to interview one or more of these professionals are invited to contact ImpactMediaManager@ImpactCommunications.org. Consumers who are looking for professional tax strategy, financial planning and investment management services, as well as financial advisors interested in learning more about joining the organization, are invited to visit www.ACPlanners.org.

DEADLY TAX SINS TO AVOID

Each year, millions of Americans make simple mistakes, hastily trying to get their tax returns filed before the deadline. Before filing this year's return, tax payers will want to check to make sure they avoid these deadly tax sins.

#1: MISSING THE DEADLINE

“If you procrastinate getting your tax documents together, there is a good chance you could miss the April 18th filing deadline,” said Jared Hoole, CFP®, Founder & President at Lakeside Financial Planning in Windham, NH.

“Missing the deadline itself is not a huge issue unless you fail to notify the IRS in advance. Be sure to file a Form 4868 extension request if you are going to be late filing your taxes, which will give you an automatic six-month extension to file your return. Keep in mind that the extension is only on the filing of the tax return, not the payment due. If you think you may have a balance due with your tax return, be sure to make an estimated payment with your 4868 to avoid any penalties and interest,” said Hoole.

#2: SELECTING THE WRONG FILING STATUS

“Filing under the wrong status is commonly made by single parents whom mistakenly file as Single instead of choosing Head of Household,” said Hoole. “If you have a qualifying dependent living with you and provided more than half the cost of maintaining the home then you may be eligible to file as Head of Household, which will give you an extra \$6,250 in deductions,” said Hoole.

“Another common mistake is for a recent widow or widower to file as Single. Widows or Widowers can file as Married Filing Jointly (MFJ) in the year of death. Furthermore, you may be able to file as a Qualifying Widow(er) for two more years if you have a dependent child in the house,” said Hoole.

#3: NOT DEDUCTING CHARITABLE CONTRIBUTIONS

“If you are not able to itemize, there is a provision for 2021 that allows single taxpayers to deduct up to \$300 of cash charitable contributions. The amount is \$600 for taxpayers that are married filing jointly. It may not seem like much, but every little bit counts,” said Elizabeth Buffardi at Crescendo Financial Planners, Inc. in Oakbrook, Ill.

“If you are able to itemize and you have given ‘stuff’ to Goodwill, Salvation Army or other similar charities, make sure you get a receipt for those donations. This is a much-overlooked deduction that can really make a difference. And don’t think just clothes. Think about kids’ toys, furniture, shoes and other miscellaneous household goods. If you clean out your closets a couple times a year, it can really add up,” said Buffardi.

#4: BEING SURPRISED BY LARGER THAN NORMAL CAPITAL GAINS

“In 2021, many mutual fund families distributed much larger than normal capital gains to their investors, which caught many by surprise,” said Steve Cruice, CPA, CFP® at Three Points Financial, Inc. in Colorado Springs, Colo. “These unexpected capital gain distributions caused many investors’ tax bills to jump and some even saw underpayment penalties. To avoid being surprised by taxes in 2022 and going forward, most mutual fund and ETF families release preliminary estimates of year-end capital gain and dividend distributions in the fall. Check out the

website of the fund you invest in and call them if necessary to see when and how they report estimated year-end distributions,” said Cruice.

#5: IGNORING IMPORTANT DETAILS

“Working with a professional financial planner may be more important now than before the pandemic because more people might have complex tax return situations,” said Joanne Warren, Executive Director for ACP. “For instance, many people who worked remotely during the pandemic in a state which is different from their usual state may have to file a tax return in more than one state, and states may have different regulations than the IRS which can add to confusion when it comes to tax return preparation. Avoid this by consulting with a financial advisor such as a member of the Alliance of Comprehensive Planners before filing.”

ABOUT THE ALLIANCE OF COMPREHENSIVE PLANNERS (ACP)

The Alliance of Comprehensive Planners (ACP) is a community of tax-focused financial planners who provide comprehensive planning strategies for their clients on a fee-only retainer basis. ACP members are required to maintain the CFP® or CPA/PFS designation and complete ACP’s rigorous training program. To learn more about this fiduciary network or to find a certified ACP member, visit www.ACPlanners.org.

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